Thursday January 9 1992

Business Summary Nestlé and

Russia backs down in dispute over UK beef aid

The row over whether Russia would accept 2,000 tonnes of UK beef aid ended after British IIK beef and enough anear primary and European Community vets reached agreement with the Russlans that it poses no direct of "mad cow" disease. A Russlan statement said A Rossian statement said the shipments would come from cattle less than three years old, Page 12

Yagneles minister quits
Ceneral Veliko Kadilevic, the
Yagoslav defence minister in
charge of the federal army,
resigned 24 hours after a Yagoslav jet shot down a helicopter
carving Karopean Community
truce monitors. He cited his
deteriorating health. Page 12

A special summit of EC states could be called in April to discuss a financial parkage for the Community, European Commission president Jacques Delors said in Lisbon. Proposals for the package would be presented by mid-February. Page 12

Georgia's acting prime minister Tengiz Signa said medical certificates had been located diagnosing former president Zviad Gamsakhurdia as men-tally ill. He fied the country

Delegates delayed Palestinian delegates to peace talks in Washington arrived in Amman three hours late because Israeli authorities tried to stop three administrative staff leaving the occupied territories. Page 3

Polisit strike threats Poland's 2m strong Solidarity trade union is to call a one-bour national strike on Mon-day to protest against energy price rises brought in on Janu-ary I. Other unions are threatening token stoppages on January 16. Page 2

LDP post agreed Shin Kanemaru, "godfather" of Japan's ruling Liberal Democratic party, agreed to bee party vice-president in an apparent attempt to bolster the shaky leadership of prime minister Kiichi Miyazawa.

East Timor spology An Indonesian general con-ceded for the first time that oldiers had erred in shootin dozens of anti-Indonesian dem onstrators in East Timor in ness for "shortcomings and

Cuba captures three Cube said its security forces captured three armed "count er-revolutionary terrorists", trained in the US. They were reported to have landed by dinghy on the northern Cuban coast to launch attacks on the island.

Palestinian jalled A Greek court sentenced Palestintan Mohammad Rashid to 18 years for a mid-air bomb ast aboard a Hawaii-bound Pan Am airliner in 1982 which killed a Japanese. Page 3

Rormaco Modiente fice Hundreds of Burmese Moslems flooded into Bangladesh as: the two countries held talks to ease tension on the frontier which followed a border clash.

France is to amend its labour laws to protect employees from sexual harassment by their boases, women's rights minister Veronique Neiertz

Mafia's turnover Organised crime in Italy is becoming an increasingly sophisticated business with an annual turnover of \$1750, according to a report published by a private research institute.

CONTENTS

manufacturers.

BSN to control Czech food group

NESTLE, Swiss-based food group is joining forces with French biscuit maker BSN to gain control of Cokoladovny, Czechoslovakia's largest food

They will take 43 per cent of Cokoladovny and The Euro-pean Bank for Reconstruction and Development will acquire a further 15 per cent.

ASSURANCES Générales de France, French state-owned insurer, has raised its stake in Aschener und Münchener Beteiligungs, Germany's sec-ond largest insurer, to just over 25 cent. AGF becomes the biggest shareholder in AMB. Page 13; Lex. Page 12

WOOLWORTH, big US retailer, is overhauling its operations. It plans to sell or redeploy 900 derperforming stores, axe 10,000 jobs and produce a fourth-quarter post-tax charge of \$250m Page 13

THYSSEN, biggest German steelmaker, is investigating urgent economy measures which could lead to the merger of its two main steel subsidiaries. Group profits fell 25 per cent in 1991. Page 14

WORLD BANK has strongly criticised a £38.1m (\$69.3m) contract involving a British firm of consulting engineers and a Kenyan state company. A World Bank document says the price of the consultancy contract is "five times what such services would normally cost". Page 12; Second opposi tion party, Page 8

SUN ALLIANCE, Britain's biggest composite insurer, is to buy Forenede Gruppen, Norway's fourth biggest life insurer through a bid from its Danish subsidiary, Codan. Codan's offer values Forenede at NKr814m (\$131m). Page 14

OIL PRICES fell to their lowest since the end of the Gulf War last February amid fears that frag might be allowed to resume oil exports. North Sea Brent crude for February deliv-\$17.05 a barrel.

TANDEM COMPUTERS of California expects to report an operating loss for the first quarter of its 1992 tax year. It will also take a \$90m about 700 jobs. Page 15

CHRYSLER, smallest of the big three US vehicle makers, unveiled a new generation of launched in North America this autumn. The LH project is the first all-new car proamme at Chrysler for more than a decade. Page 14

ULIVETTI: Union leaders and management at the loss-mak-ing Italian computer group held talks amid speculation that the company will seek more hig job cuts. Olivetti has already won agreement for 3,500 job losses. Page 14

DIXONS GROUP: A Christmas sales surge came too late to save the UK electrical retailer from reporting a sharp drop in interim pre-tax profits from £27.2m to £17.5m (\$32m). Dixon's US Silo chain showed steepening losses. Page 14; Lex, Page 12; Rising losses in US, Page 18; Appointments

COMPASS AIRLINES, Australian domestic carrier grounded since running out of funds last month, has a 50 per cent chance of getting airborne again, the provisional liquida-tor said. The federal government has agreed to back a business plan to support the airline. Page 15

GRAND Metropolitan, UK drinks, food and retailing group, is to buy the frozen food division of McGlynn Bakeries of the US. The deal, to be funded by the issue of new GrandMet shares, could be worth about \$140m Page 18

US/Japans Poor Image brakes American car Laurent Fabius: The rise of

Bush to continue talks despite ill-health Bank of

By Stefan Wagstyl in Tokyo and Lionel Barber in Washington

PRESIDENT George Bush will go ahead with a second round of summit talks in Japan today wrapped in his coat. Smiling, he saluted his audience, shook hands with Mr Miyazawa, and go ahead with a second round of summit talks in Japan today in an effort to dispel fears about his health, Such concern was sparked yesterday by his collapse at a state banquet in

Tokyo.
The White House said the president was resting comfort-ably last night after suffering abiy last night after sunering an attack of gastric flu. But the incident — captured live on Japanese television — reig-nited fears about Mr Bush's health ahead of his campaign

for re-election this year.

The 67-year-old president keeled over before his horrified Japanese hosts after complaining several times of feeling sick. Mr Klichi Miyazawa, the Japanese prime minister, cradled Mr Bush's head briefly before US Secret Service agents surrounded the stricken

After 10 minutes, Mr Bush, between Mr Bush's collapse looking ashen-faced and shaky, got to his feet and was nosed last year for which he

was taken by limousine to the Japanese prime minister's official residence at Tokyo's Aka-saka Palace. The White House tried to play down the episode, which came during a series of trade talks with Japan at the end of a gruelling 12-day, 26,000-mile tour of the Pacific which began

tour of the Pacific which began on December 30.

The president had billed the trip as a mission to bolster the struggling US economy by creating jobs for Americans through prising open Japanese and other east Asian markets. The president's popularity at home has alumped amid a collapse in public confidence over economic prospects.

economic prospects.

Mr Marlin Fitzwater, White House press secretary, said there was no connection

US and Japan

pledge to boost

world economy

was hospitalised briefly with an irregular heartbeat. Mr Fitzwater said the president would cancel a breakfast meeting with US and Japanese businessmen today but would pro-ceed with a second round of talks with Mr Miyazawa. The two leaders are also due to give a joint news conference before Mr Bush flies back to Washington tomorrow.

in Washington, Vice-President Dan Quayle, 44, was notified about Mr Bush's collapse and went immediately to the White House. But no arrangements for a transfer of power were made, according to a spokesman for Mr Quayle.
Mr Quayle went ahead with a planned trip to New Hamp-shire, where next month's primary elections will provide the first important test for Mr Bush in the 1992 election campaign. "There is no reason to be concerned," said Mr Quayle yesterday. "The president is doing well, resting well."



President Bush leaves a Tokyo banquet yesterday with Dr

By Stefan Wagstyl in Tokyo

THE leaders of the US and Japan pledged to boost eco-nomic growth yesterday and called on other industrialised nations to do the same in a move apparently designed to get interest rates down and the

world economy moving.

The initiative appeared to be aimed particularly at Germany, where the Bundesbank, which views inflation as a big-ger enemy than slow growth, raised interest rates as recently as last month.

President Bush and Mr

Kiichi Miyazawa agreed on the plan during a summit meeting in Tokyo in which they also discussed US demands for Japtrade concession US officials are visiting Europe to explain the initiative to Germany and the Group of Seven industrialised countries.

They intend to present it to a forthcoming meeting of G7 finance ministers in the US, Mr David Mulford, US Treasury under-secretary for international affairs, arriving in was careful to say that he was

consulting with the US's European G7 partners rather than asking them to join an already

prepared plan.
The plan, entitled A Strategy for World Growth, includes a commitment by Mr Bush to announce economy-boosting measures in his State of the Union address later this month and in his budget for the 1993 financial year. These are likely to include investment incentives and possibly tax cuts -though Mr Bush did not give details.

strengthening domestic impact on persuading the demand through increased Bundesbank to cut German public investment. The recent decision by the Bank of Japan to reduce the official discount rate to 4.5 per cent was also intended to maintain sustainable growth with price stability, said the statement. The rate was cut by a half-point on December 30.
Economists said the state-

ment referred mainly to measures which had already been announced or, as in the

■ Questions over gruelling election campaior ■ Quayle's fight for credibility ■ Text of US-Japanese joint

■US cars fail to move the Japan PAGE 4

case of the State of the Union address, widely anticipated. Mr Paul Chertkow, chief cur-Mr Miyazawa said Japan's budget for the financial year starting in April was aimed at statement would have little interest rates, a move likely to help the European economy. He said the statement was an "exercise in rhetoric" which highlighted the problems of

getting all the G7 countries to agree on joint strategies for promoting world growth. But speaking in Tokyo, Mr Nicholas Brady, the US Treasury secretary, rebuffed criticism that the two leaders had promised nothing new. ments." However, some private

Burton Lee, his personal physician, after becoming ill "The thing that's different is that the president of the US and the prime minister of Japan have put their names to

a growth strategy."
Mr Brady also suggested that the declaration could help pave the way to further cuts in interest rates. Given the recent reductions in rates, "there's always the possibility that more could be done [in this area] if more needs to be

Mr Bush and Mr Miyazawa welcomed the recent rise in the yen against the US dollar, saying "recent exchange rate movements were consistent with current economic develop-

sector economists expressed disappointment that the two countries did not commit hernselves to pushing the dollar down more firmly in order to promote US exports. US officials also welcomed

the Japanese government's forecast of a reduction, albeit slight, in the current account surplus from around \$73bn for the year to last March. Separately, Mr Bush and Mr

Miyazawa agreed in broad terms to work for the successful conclusion of the Uruguay Round of trade talks and to co-operate on global political issues, including policy towards the former Soviet

England on alert as pound slips in ERM

D 8523A

By Peter Marsh in London

THE Bank of England went on alert last night after sterling ended the day near its lowest permitted point in the Euro-pean exchange rate mecha-nism and at its weakest close against the D-Mark since ERM

entry 15 months ago.
Should the pound continue to fall and intervention by the Bank fail to stop the slide, Mr Norman Lamont, the chancellor of the exchequer, faces the politically damaging option of having to raise interest rates

to increase sterling's value. After a nervous day on cur-rency and equity markets, sterling closed in Loudon down a pfennig at DM2.8350, within roughly a quarter of a pfennig of its effective ERM floor of about DM2.8325.

Sterling's weakness was caused largely by a stronger D-Mark and lack of support from investors worried by signs of a long and slow recov-ery from the UK recession. On the London stock mar-

ket, share prices suffered from concern about the world economy and reports of President Bush's collapse. But the FT-SE 100 index of leading shares recovered from a 41-point loss to close at 2,467.0, down 15.9. It was helped by a confident opening on Wall Street, where the Dow Jones Industrial Average was quoted at around noon New York time at 3,215.56, up 10.73.

Assuming sterling opens weaker today, Mr Lamont is likely to instruct the Bank to buy sterling on foreign exchange markets rather than increase interest rates from their current 10.5 per cent.
If sterling hits its ERM

floor, intervention by the Bank would probably be aided by other European central banks. Also, since the pound's lower effective ERM limit is set by the peseta, the strongest currency in the system, the Bank of Spain would be called on to sell the Spanish currency, reducing pressure on the UK unit.

bank increased German interest rates just before Christexcept Britain have increased borrowing rates. These nations might argue that the UK should do likewise, as part of the learning process associated with joining the ERM.

Economic Viewpoint, Page 11 Lex, Page 12 Currencies, Page 28 London stocks, Page 21

Scottish steel plant to be

By James Buxton in Edinburgh and Charles Leadbeater and Alison Smith in London

BRITISH STEEL yesterday

meet a pledge it gave in 1987 to keep the plant open until 1994, while Mr Neil Kinnock, the Labour opposition leader, accused the government of walking away from the people of Lanarkshire. The plant's future has been in doubt since last year when its hot-strip rolling mill was closed with the loss of 700 jobs.

has been hit by almost 4,000 steel-related job losses in the past two years and unemployment is expected to climb to aimost 20 per cent. to the closure by announcing ■ Seeking life after stee

■ Editorial Comment PAGE 10 ■ Raven croaks; Tory pros-

pects in tatters PAGE 10 ■ Thyssen may merge units PAGE 13

nesses setting up there will avoid local and corporate taxes for a 10-year period.

The Ravenscraig plant has been politically controversial since 1959 when the Conservative Macmillan government decided it should be developed

turing area making ships and

than £400m in the 1970s, when the complex employed 13,000, Ravenscraig has been vulnera-

most aggressive response yet to the UK recession. It is likely to make a loss of between £80m and £100m this year as a result of lower steel demand, increasing competition from imports and a steep fall in prices over

plan to expand Llanwern's capacity was one of the main Continued on Page 12

closed with 1,200 job cuts

sounded the death knell for steel making in Scotland by announcing it would close its Ravenscraig complex in Lanarkshire by September with the loss of 1,200 jobs. Mr John Major, the prime minister, said he wished the company had been able to

The area around the plant

The government responded that it had won the European Commission's agreement to designate Lanarkshire as a spe-

The brilliance of Laur-

ent Fabius, who will

today be voted first

French Socialist party

preternatural speed up

has carried him with

the ladder of political

secretary of the

France's political high-flier

PAGE 6

cial enterprise zone. Busi-

Setting up the zone will involve spending about \$50m (\$91m) in addition to the extra £15m the government is spend-ing in north Lanarkshire this year and £25m pledged for next year. Mr Ian Lang, the Scottish secretary, said it should secure 7,500 new jobs in the area over

Despite investment of more

to closure throughout the The closure is British Steel's

The company also disclosed that the recession had forced it to postpone plans for a £100m investment in a continuous casting machine at its Llanwern plant in south Wales. The

justifications the company gave in 1990 for the closure of the Ravenscraig hot-strip mill. The main steel plant left in Scotland, the Dalzell plate mill, has had a question mark over

to form the hub of a manufac-MARKETS

> \$1.873 \$1.872 (1.8725)

New York Comex Feb \$350.3 (349.65) N SEA OIL (Argus) \$17.05 (18.175)

DOLLAR New York DM1.5135 FFr5.1705 SFr1.3495 Y124.85 FFr5.175 (5.19)

3.797% Long Bond: 107 11 yield: 7.381%

STOCK INDICES FT-SE 100: 2,467.1 (- 15.8) FT-A All-Share 1,178.08 (-0.6%) FT-SE Eurotrack 100: 1,080.21 (-5.85) New York lunch DJ Ind. Av. 3,213.55 (+8,72) S&P Comp 418.79 (+1.39) Tokyo: Nikkei 22,715.00 (-851.39)

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DM2.835 (2.845) FFr9.6875 (9.7175) SFr2.53 (2.5275) Y233.75 (232.75) £ index 91.4 (91.5) COLD \$351.6 (350.5)

Chief price changes yesterday: Page 13

SFr1.351 (1.35) Y124.85 (124.35) \$ index 60.5 (60.3) Tokyo close: Y124.4 US LUNCHTIME RATES Fed Funds: 35 % 3-mo Treasury Bills:

LONDON MONEY 10 4 % (same) Liffe long gift future: Mar 9716 (Mar 9717)

Gamsakhurdia 'mentally ill', claims PM

By Neil Buckley in Tbilisi

MR TENGIZ SIGUA. Georgia's acting prime minister, said yesterday that medical certificates had been located diagnosing Mr Zviad Gamsakhurdia, the former president, who fled the country on Monday, as men-tally ill.

He also claimed that Mr Gamsakhurdia had seized Rbs200m (£1m) of state funds before his flight and embezzled more than Rbs1bn during his

The president and 80 supporters were yesterday in a mountain retreat in Getokhobit in Armenia. The compound was surrounded by Armenian elite Omon troops, and Mr Gamsakhurdia's presidential Mercedes was said to be clearly visible inside. Mr Gamsakhurdia appeared

on Armenian television in defiant mood, declaring he was

The acting prime minister, who was in Mr Gamsakhur-dia's government until resignto hold tripartite negotiations with Mr Gamsakhurdia and an Armenian delegation had been Armenian delegation had been refused access, Mr Sigua said. He said Georgia was prepared to allow Mr Gamsakhurdia to be granted political asylum by Armenia provided he was barred from leaving the country. He also said that Mr Gamsakhurdia's diagnosis as mentally ill might preclude his being brought back to Georgia to face criminal charges. ing in August last year, said he believed three diagnoses of Mr Gamsakhurdia as mentally ill had been made in 1956, 1959

While he admitted that Mr Gamsakhurdia had been a dis-sident, and that dissidents in the Soviet era had frequently been declared mentally ill, he said that five of the six doctors

involved were still alive and prepared to certify the diagno-The city of Tbilisi was

was reported to be quiet apart from disturbances in the Zug-didi region of western Georgia, Mr Gamsakhurdia's homeland. A crowd of around 1,000 sup-porters of the president again met outside Tbilisi's central station, chanting slogans and

carrying banners. Mr Jaha Ios-seliani, one of the leaders of the military council which is in control of the republic, said the demonstration had been peace-ful and there had been no need to break it up.

In the city centre, damaged buildings around Rustaveli Avenue were being made safe. A government commission has estimated that 10,000 sq m of the city had been destroyed in the fighting.



Muscovites like this woman rushed to stock up with food before prices soared last week

West grapples with legacy of Soviet collective farming ing and distribution policy by the European Bank for Recon-struction and Development, showed between 30 and 50 per cent of many basic foodstuffs like potatioes and milk got lost or rot before reaching the con-sumer. Between 1988 and 1990 for example 50 per cent of the

RELUCTANTLY, but with mounting urgency, the outside world is assuming the task of keeping citizens of the former Soviet Union fed through the winter and exploring longer term solutions to an agricul-tural and distribution crisis of

daunting complexity.
The European Community, the US and to a much lesser extent Japan, and even Nato, are allocating ships and aircraft, opening their surplus food warehouses and seeking ways of ensuring that aid once given ends up in the hands of the needy rather than the maiia-like successors to the former communist bosses.

It is already clear, however, that aid can never be more than a palliative for a problem with roots deep in the most tragic period of Soviet history. The emptiness of foodshops throughout the former Soviet

Union may have got worse with the political and economic disintegration of the former Soviet Empire. But the problem stretches back at least to Stalin's forced collectivisation of the early 1930s. He eliminated the vast majority of peasant farmers who knew how to make a living, and condemned the rest to the virtual re-imposition of serfdom under the guise of collective farming.

Since Stalin, successive Soviet governments have thrown billions of roubles at the collective farms, and spent an increasing portion of oil revenues on imported grain to build up cattle and dairy herds. But they never managed to solve the systemic failures in

MRS Tamara Katsishevskaya,

a pensioner in the Russian

town of Yekaterinburg, scraped the remains of a meal

off her plate into a jar, and slid it into her shopping bag.
"I can't eat it all now, but

I'll eat it later at home. It's the

only chance I get to eat a

proper meal." she confessed as she sat in a dingy cafeteria, recently converted into a soup

kitchen for Yekaterinburg's

an increasingly desperate

attempt by the anthorities in

this huge town in the Urais,

typical of many across Russia, to soften the blow of spiralling

Nobody in Yekaterinburg

pensioners and invalids. The soup kitchen represents By Anthony Robinson, East Europe Editor

which ensured that higher farm output translated mainly

into higher wastage.

The absence of a clearly defined owner of the agricultural produce at all stages of the food cycle, the limitation of centrally dictated production plans and prices, inadequate downstream investment to keep pace with the rising urban population, the absence of independent wholesale and retail networks all played their part in creating the problem.

The demise of communism and the emergence of indepen-dent governments committed to price liberalisation and free market reform policies, pro-vides an opportunity to sweep away the dead hand of the "red barons" who controlled the collective farms.

Already, in Russia alone, over 60,000 small farmers have managed to rent or lease land equipment. Western companies, like UK-based ICI which has been working with collec-tive farms for a decade, have recently been able to set up

Western agricultural experts are divided over whether the priority for western assistance and investment should be given to raising farm productivity and food output or reducing the enormous waste by building a modern distribution chain from the farmgate to the

mission recommendation to send \$36m of emergency feed grain to prevent the slaughter of expensively built up cattle herds, but has yet to respond to the principal recommenda-

tion - the provision of a \$900m export credit line and govern-ment-backed political risk insurance to encourage British exporters and potential inves-tors to play a role in construct-ing a modern farming and food distribution system.

for example 50 per cent of the

average annual potato crop of 72m tons was wasted. A break-down showed that 11 per cent

was lost in harvesting, 10 per cent during seed storage, 17 per cent while stored as food, 8

per cent during processing, 2 per cent during transportation

and only one per cent at retail

As part of its search for a valid alternative to pouring food aid down the leaky sieve of the Soviet distribution sys-

tem the UK government sent

high-level mission of food industry experts to the Soviet

Union last October. The

essence of the British approach has been to emphasise the inte-grated nature of the food

The UK Export Credit Guar antee Department (ECGD) suspended such cover to the then Soviet Union over a year

Factory canteens keep Russia's workers well fed are to make the factory profit-able, and do business in mar-

> factories across the Soviet Union are using their newlywon independence to barter industrial goods and metals for food produce, either from other republics, or from abroad. In a typical deal Uralmash is now bartering its metal with a Czech company, Dialog Agro, in exchange for Czech meat, oil and sugar, all

through subsidised shops in the factory or Uralmash's cafe-terias, which are far better stocked than anything on the

streets of Yekaterinburg.
"Before it wasn't fasionable
to eat in the factory cafeterias, but now everyone eats in them," says Mr Vladimir Goroky, a welder at the fac-tory, who estimates that he and his wife now get "about half" of their food at the fac-

allows employees access to rare goods like sugar, it does little for the rest of town's citi-

ries - can afford to shop in the state shops and free mar-kets, where meat has been available at Rbs45 a kilo. Mrs Katsishevskaya, whose pen-sion has been only Rbs186 a month, plainly cannot. In spite of the efforts of the

times higher than in the facto-

town authorities to persuade factories to give up some of their food for wider distribution, the factories - faced with an increasingly restive workforce - are so far refusing to do this. As economic conditions deteriorate, every level of the administrative hierarchy in Russia is becom-

Solidarity in strike call over price rises

By Christopher Bobinski in Warsaw

POLAND'S 2m-strong Solidarity trade union yester-day called a one-hour national strike for Monday to protest against energy price rises brought in on January 1. The larger left-wing OPZZ unions have threatened token stop-pages on Thursday.

This is the most serious chal-

lenge from the unions a Polish government has faced since economic reforms began in autumn 1989. The new govern-ment has threatened to quit if faced by a protracted national stoppage. It says the energy price rises are an integral part of an interim three-month bud-get now being debated in parautumn 1989. The new governliament which foresees a

Zi 17,600hn (\$1.6bn) deficit. Mr Jerzy Kropiwnicki, labour minister, told the union leadership the government would not rescind the rises, which double the cost of home central heating, increase the price of gas by 70 per cent and electricity by a fifth. "If we were to suspend the rises, eco-

German parties agree to draft new asylum law

political parties in government and opposition have agreed urgently to draw up a common proposal for a new asylum law, intended to accelerate the prointended to accelerate the pro-cessing of asylum applications from 12 months to six weeks.

The agreement emerged from cross-party talks yester-day, in spite of grave doubts that the acceleration plan will work, and against criticism that the streamlined procedure will limit the fundamental rights of asylum-seekers.

rights of asylum-seekers. The idea is to speed up processing of asylum applications, which last year topped 256,000, an increase of almost 33 per cent, in order to stem the flow and send economic migrants swiftly home to their country

mental difference between the parties. The Christian Democrats, senior partners in the ruling coalition, believe that the liberal German constitution should be changed to limit the right of political asylum. Their coalition partners, the Pree Democrats (FDP), and the Social Democrats (SPD) in opposition, reject any constituional change, and say that the influx can be contained through improved procedures. There was no apparent prog-

GERMANY'S four leading political parties in government and opposition have agreed urgently to draw up a common for refugees, to protect them. from the rash of racist attacks on the hostels and individual apartments where they are

> ation of all those applications for political asylum which are "clearly without foundation" given that only 6.9 per cent of all applications were actually approved last year. However, Amnesty Interna-tional, the human rights organ-

> isation, has attacked the pro-posals to allow decisions to be taken by a single judge, and to limit the right of appeal against those decisions. To make the new procedure

work, the states are also unposed to find an additional 500 legally qualified personnel, but so far they have failed to do so. As for the collection camps, only Baden-Württemberg, of the 16 states, has prepared ad-quate accommodation, according to the Interior Ministry

What the parties did agree yesterday was to draft a common amendment to the asylum law, possibly by next week, with a first reading in paris-ment possible by February.

concern in the highest levels of the government that the Bund-

esbank may have gone too far in raising the Lombard rate by

haif a per cent to 9.75 per cent, and the discount rate from 7.5

The government is torn over

its attitude to the current round of wage negotiations, in which several trade unions are

seeking wage rises in double figures. Mr Jürgen Möllemsun.

economics minister, has called

for a limit of 5 per cent on pay rises, and has been criticised by his colleagues for interfer-

The cabinet, and the coali-

tion partners, yesterday issued separate statements insisting that they would not interfer

in the "constitutionally pro-tected" wage negotiations.

However, Mr Dieter Vogel, the

government spokesman, said that unjustified pay rises, including those in the public

sector, could cause grave prob-

ing in the wage round.

to 8 per cent.

Rows grow over economic policy

By Quentin Peel

THE differences at the heart of the German economic estab-lishment over both policy and prospects for the economy have been underlined with a warning of impending reces-sion from one of the govern-ment's leading economic advis-

In an interview to be published in today's issue of Han-delsblatt, the business newspaper, Professor Hans-Karl Schneider, one of the govern-ment's so-called "five wise men", criticises the recent deci-sion of the German Bundes-

a full half per cent.

He says that interest rates are already "very, very high" and are not appropriate for the current economic situation, in which the boom period associated with German unification has slowed to a virtual standstill in the past six months. Prof Schneider, whose report

in November already sharply criticised the level of the pub-lic spending deficit, warns that a failure by the government to restrain spending, and by the trade unions to accept moderate wage increases, could tip the economy into a recession. His comments underline a

lems for the economy.

Negotiations on steel industry pay resumed in Düsseldorf yesterday, with IG Metall, the steelworkers' union, calling for a rise of some 10.5 per cent, and the employers offering, up till now, just 3.4 per cent.

Athens forced to tighten pollution curbs Making By Kerin Hope in Athens

THE Greek government yesterday extended emergency measures to curb high atmospheric pollution levels in >-Athens, ordering heating in public buildings to be shut off and factories to reduce fuel consumption by a third.

More than 400 people have been taken to hospital in the past 48 hours with breathing problems attributed to increased amounts of smoke, carbon monoxide, and nitrogen dioxide in the air.

The ban on private cars cir-culating in the city centre remained in effect, while only half the taxi fleet was permitted to operate in the five square mile central zone.
The government faces mounting criticism for delay-

ing new legislation to reduce traffic congestion in Athens.

The Flumeial Times (Europe) Lid
Published by The Financial Times
(Europe) Ltd., Frankfurt Branch, Nibolungemplatz 3, 6000 Frankfurt-am-Maia
1: Telephone 69 69 156850; FrankfurtBranch 15 156851; Telex 416193. Represented by
E. Hugo, Frankfurt/Main, and, se meanbers of the Board of Directors, R.A.F.
McCless, G.T.S. Damer, A.C. Miller,
D.E.P. Palmer, London, Printer: DVM
GmbR-Hürriger Interruptional, 6078
Nen-incuberg 4, Frankfurt, Responsible
editor: Richard Lamberz, Financial
Times, Number One Southwark Bridge,
London SEI 9HL. The Physicial Times
Ltd, 1992.

Registered office: Number One, Southwark Bridge, Loudon SBI 9HL Company incorporated under the laws of England and Wales Chairman D.E.P. Palmer. Main starcholders: The Flate cial Times Limited, The Financial New Limited, Publishing director: J. Rolloy. 166 Ruc de Rivoli, 75044 Paris Color BL Tell (19) 4021 4521, p. 4021 45 61. Tel: (01) 4297 0621; Fan: (01) 427 0629. Editor: Richard Lambert-Frinter. SA Nord Eclair, 15/21 Rue de Cara-59100 Roubaix Cedex 1, ISSN: ISSN: 148-2753. Commission Parlaire No-67808D.

Financial Times (Scandinava) Visuasiakaftet 42A, DK-1161 Copenhago X. Demmark, Telephono (33) 13 44 41, For (33) 935335.

EC 'ice-cream' men play crucial role

CALLED the ice-cream men by their supporters, but lackeys of Germany by their oppo-nents, the white-uniformed EC observers have played a cru-cial role in trying to monitor Croatia last August, writes Judy Dempsey.
The 170 unarmed monitors have worked indefatigably

from their headquarters in Hotel "I" in Zagreb. Their task initially was to

supervise the implementation of ceasefires forged by the EC with the federal army, Croatia's national guard, and Serb and Croat paramilitary units. But, since September, they have been involved in setting up negotiations to secure the peaceful withdrawal of soldiers from federal army garrisons in Croatia. Above all, they have attempted to set up confidence-building measures. Gillian Tett reports from Yekaterinburg

believes they will starve this winter. But with state shop shelves still mostly bare, the issue is now not simply the price of the food, but also its

One reason is that in Yekaterinburg, as in many industrial towns across Russia, a considerable proportion of the food that passes through the town is distributed, not through shops and markets, but through the factories.

Yekaterinburg, like most towns in the Urals and Siberia was built up as an industrial

HE shooting down of a European Community

helicopter on Tuesday

has convinced western diplo-mats in Belgrade that the fed-

eral army must be brought

under political control as soon

federal structures have disinte-

grated, it remains uncertain under whose control the army

should be placed. Moreover, diplomats believe it will be

impossible to rein in the army,

permanent ceasefire until all factions are united under a sin-

At the time of the incident on Tuesday the federal army was under the nominal control

and have no confidence in any

But because Yugoslavia's

town with practically no local agriculture to sustain it. It is dominated by huge industrial complexes, the largest of which, the machinery and metal works complex "Uralmash", employs 50,000 people. Under the old Soviet system, these factories have provided

their workers not only with housing, kindergartens, sau-nas and sanatoriums, but also most crucially, with subsidised restaurants and food shops.
"Uralmash" for example,
spent over Rbs70m last year
on the "social welfare" of its

workers - an expenditure that Mr Sergei Lipatnikov, Uralmash's chief economist. cites as one reason for its Rbs127m loss last year. "If we

United Nations, which envis-

ages, among other things, the withdrawal of the federal army

from Croatia. He had also agreed to the deployment of UN peace-keeping troops in

But the downing of the EC helicopter showed the general could not control an army

divided into several camps. First, there is the Titolst/Yu-

goslav nationalist element, represented until recently by Gen Kadijevic. It is wedded to

defending the territorial integrity of Yugoslavia, and by

This faction was supported by Mr Ante Markovic, the for-

mer prime minister, and by Mr Slobodan Milosevic, Serbia's

implication, the federation.

ket conditions, then we proba-bly will not be able to sustain this type of social programme for long," he admits.

For the moment, though

of which are in desperately short supply in the town.
This food is directly distrib-

seceding from the federation.

Another faction consists of

by Gen Blagoje Adzic, the chief of staff, who has temporarily assumed the defence portfolio. His outlook is conditioned by history – his family was killed by the Nazi-backed Croat Ustashas during the second

world war.
As a Serb nationalist deter-

mined to redress historical

grievances, Gen Adzic has forged close links with the

Serb nationalists in the self-proclaimed Serb republic of Krajina, southern Croatia, in

eastern Slavonia, eastern Croa-tia, and in Banja Luka, north-

ern Bosnia-Hercegovina.
This tacit alliance not only

rdline Serb nationalists led

But although this system

uted to employees or sold

Those employed in the new "private" businesses - where

corps and Serbia's leadership. Yesterday, Mr Milan Babic,

Kadijevic for the helicopter tragedy. Mr Babic implied that

armed forces opposed to the ceasefire, particularly Serb nationalists in Croatia who feel

the army is no longer protect-

ing them.
Behind the scenes lurks Mr
Branko Mamula, former fed-

eral defence minister, now

wages are usually two or three

ing increasingly determined not to give up any of its assets to the level above it.

Politicians lose control of elements in army Five EC monitors died because of rifts within the federal forces, writes Judy Dempsey

acutely aware that the federal

army needs a secure base

head of the Krajina Serbs, who financial assurances and a new was pushed into power by Mr Milosevic, with the backing of role, even if that role was confined to one republic.

Gen Marko Negovanovic, the former federal head of counter-intelligence, and now defence the federal army, blamed Gen the general's acceptance of the UN ceasefire terms had pro-voked rogue elements in the minister of Serbia, continues to play a pivotal role.
Once opposed to the break-up of the federation, he

is now trying to salvage a smaller, Serb-dominated rump Yugoslavia in which the army could play a prominent role. Bringing all these elements together under one single com-mand – and under political control – is plagued with diffi-culties, western diplomats said. "We also have to consider how the middle ranks of offi-cers can be reined in. "We cannot yet talk of any lasting peace," a diplomat com-

head of the revamped Commu-nist Party of Yugoslavia, and who remains ideologically com-mitted to Yugoslavia. Mr opposes the acceptance by Gen Kadijevic and Mr Milosevic of a UN peace-keeping force, but it has widened the differences of General Veliko Kadijevic, president, after June 25, when the defence minister, who was Slovenia and Croatia declared Mamula has extensive contacts reported to have resigned last night. He had accepted the latindependence. The military attack on Croatia was aimed at in the army and is visited reguit has widened the differences among the army's top officer But his colleagues say he is Mafia turnover put at \$17bn a year as organised crime spreads

By Robert Graham in Rome

ORGANISED crime in Italy is becoming an increasingly sophisti-cated business with an annual turnover of L20,000bn (\$17bn), according to a report published by the private social and economic research insti-

tute, Censis. The report does not distinguish between turnover and profits from 283 page document is the most considered attempt so far to analyse the growing economic impact of organised crime which now generates the equivalent of almost 2 per cent of GDP, according to

The report coincides with mounting public concern about organised crime spreading throughout Italy and the apparent impunity of some 500 criminal "families" dominated by the Sicilian Mafia, the Calabrian 'Ndrangheta and the Naples

Last Saturday a police inspector and his wife were gunned down in the southern town of Lamezia Terme near Catanzaro, reportedly by hired assassins of the Calabrian mafia. The assassination provoked 25,000 to

On Sunday night a bomb went off

on the railway near Lecce, south of Brindisi, narrowly missing the crowded Lecce-Milan express in what is seen as muscle-flexing by local organised crime.

The Censis report, which excludes petty crime, estimates that L16,000bn generated from illicit activities, while a further L4,000hn comes from operating in legitimate fields of business using criminal methods - essentially in the field of obtaining public contracts.

The L3,700bn obtained by rigging public contracts accounts for almost 20 per cent of total earnings and is exceeded in importance only by the

manufacture and sale of illicit drugs (heroin, cocaine and marijuana) valued at L4,000bn.

Theft accounts for a significant L3,700bn of which L820bn is reck-oned to come from stolen works of art and archaeological items, L965bn from stolen lorry-loads of goods and L800bn from stolen cars. A further L2200bn is earned from armed robberies, the most lucrative being the hijacking of loaded trucks worth L340bn. In November, police broke a Calabrian gang responsible for robbing 1,600 trucks in five years.

Illegal lotteries and gambling.

annual turnover of L1,400bn, while contraband generates L790bn. The latter is mainly illegal cigarette sales. Since the middle of last month the government has stepped up its paign against clgarette contraband, controlled by the Naples mafia, and banned for a month sales of most Philip Morris brands because of excessive contraband sei-

Commenting on the report, Mr Giovanni Conso, former president of the constitutional court, said: "This enemy (organised crime) is worse than terrorism because that was something outside the state struc-

ture; this is inside the state and ben-efits from a complicity which goes beyond the mere taking of

The report through its title, "Out-side and Inside: criminality, institu-tions, society", highlights this com-plicity. In particular the system of public contracts is open to abuse with last year 65 per cent being awarded on the basis of closed

In Sicily it is estimated that 75 per cent of all contracts end up in maffa hands, while nationwide the percentage is believed to be around 7 per

les 'Godfather' agrees to take top law LDP post

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By Robert Themson in in the Tokyo .

THE "godfather" and beckroom likes of Japan's rul-ing Liberal Democratic Party, Mr Shin Kanemaru, has agreed to take the post of party vice president, in an apparent attempt to bolster the shaky leadership of Mr Kiichi Miyazawa; the prime minister where the next of the n

the party's largest faction, is credited with having ensured Mr Miyagawa's selection as Mr Miyazawa's selection as leader. He said yesterday he had a "responsibility" to support the prime minister and party president.

But Mr Kanemaru, 77, has taken two months to accept Mr Miyazawa's institution to take

Myszws's invitation to take the number two position, and some of Mr Kanemaru's colleagues had advised him not to be too closely associated with a prime minister whose reign

prime minister whose reign could be short.

Mr. Miyazawa is generally reckoned to have made a poor start as prime minister, having already failed to win parliamentary approval for a bill authorising Japanese troops to take part in UN peace keeping operations. He has also been hurt by a fresh scandal involving alleged denations to a senior member of his own faction. o destace c A artismb relative s

In accepting the offer, Mr Kanemaru, who will be for-mally appointed later this month, made clear he was responsible for Mr Miyazawa's elevation: "When you choose a man to become leader, you must do your best to support

Court in Greece sentences Arab for bombing jet

By Kerin Hope in Athens A Greek court yesterday years' imprisonment on charges of placing a bomb aboard a Pan-Am aircraft in

1982 that killed a Japanese passenger. Mr Mohammed Rashid, was arrested in Athens three and a half years ago following a tip from US intelligence officials. But instead of granting a US request for his extradition, Greek authorities decided to

entert of try him in Greece, in Applying FBI agents and another Palestinian told the court that Mr ian terrorist group, "May 15", which "used sophisticated explosive devices assembled by

one of its members.

Mr Rashid, who served a prison term in Greece in the 1970s for narcotics smuggling, claimed that his arrest was a said that his name was Mohammed Hamdan, and that he belonged only to the Pales-tine Liberation Organisation. Greece has taken a firmer position on terrorism since a nservative government took office last year.

Burmese Moslems flee to Bangladesh

HUNDREDS of Burmese Moslems flooded into Bangla-desh as the two countries held talks to ease tension on the frontier caused by a border clash, Bangladesh state radio said yesterday, Reuter reports from Dhaka.

The second round of talks on Tuesday evening was held in a friendly and cordial atmo-sphere, the radio said without giving details. Bangladesh for-eign ministry officials were not immediately available for com-

ment. The radio said more than 1,000 Burmese Moslems, called Rohingyas, had entered Ban-giadesh by boat and through the jungle during the past two

days. Bangladean officials earlier said more than 40,000 refugees had arrived since early last year. Unofficial estimates put the number at over 55,006.



Palestinian delegates to peace talks in Washington arrived in Amman three hours late yesterday because the Israeli authorities tried to stop three of their administrative staff leaving the occupied territories, Reuter reports from Amman, Mrs Hanan Ashrawi, the delegation

spokeswoman – pictured above leaving Jerusalem – said the Israelis backed

down when the delegates threatened to go home if the three could not cross the River Jordan with them. "We told the Israelis that if they kept trying to impede the work of the delegation we would go the work of the transgation we were ally thought of doing so," Mrs Ashrawi said. The Palestinians, together with the Jor-danian half of their joint delegation, plan

to leave for Washington this morning for the third round of bilateral meetings since the US launched the Middle East peace process in Madrid in October. In the second round in December, Israeli, Jordanian and Palestinian delegates spent all six days arguing in the

corridors of the State Department over the status of the Palestinian delegates.

A LEADER of Algeria's Islamic fundamentalists, poised for election victory, said yesterday deployed in strength throughout the country over the last 24 hours, Reuter reports from

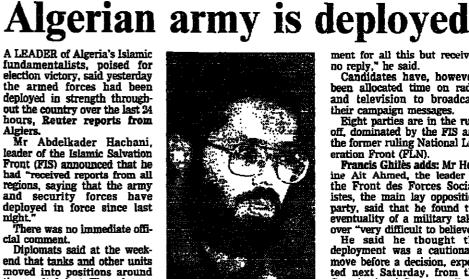
Mr Abdelkader Hachani, leader of the Islamic Salvation Front (FIS) announced that he had "received reports from all regions, saying that the army and security forces have deployed in force since last night."

There was no immediate official comment. Diplomats said at the weekend that tanks and other units moved into positions around the capital last Thursday, a week after the FIS took a com-

manding lead in the first round of elections We want to know what justification there is for this deployment. If it is because of the second round, why have they deployed in regions where seats were decided at the first

poll?" Hachani asked. FIS deputies took 188 seats in the first round, just 28 short of a parliamentary majority, and are well placed for the second round on January 16, which will decide the remain-

ing 199. Mr Hachani said there was no sign the government was preparing for the second



Islamic party leader claims

Hachani: no preparation for second round

round, which is only seven days away.

"There is no action which proves that the government is preparing for the second round. The government has taken no measures to organise the election." he said.

method of voting is not clear, or how the elections will be controlled. Even the form of the voting forms is unknown.
"We have asked the governno reply," he said. Candidates have, however. been allocated time on radio and television to broadcast

their campaign messages. Eight parties are in the runoff, dominated by the FIS and the former ruling National Lib

eration Front (FLN). Francis Ghilès adds: Mr Hocine Ait Ahmed, the leader of the Front des Forces Socialistes, the main lay opposition party, said that he found the eventuality of a military take over "very difficult to believe". He said he thought the deployment was a cautionary move before a decision, expec-ted next Saturday, from the Constitutional Court on allega-tions of fraud in 145 constitu-

In spite of the troop move ments and the extreme tone of some of the FIS language posters went up in Algiers declaring that the party would "propagate Islamic faith at home and abroad by persua-sion (Al Targhib) or by terror (Al Tarbib) – the mood in the capital was remarkably calm.

Algiers radio and the dozen "Up to today the number of candidates is not ready, the every day are full of arguments, insults and analyses -the sort of mix one would expect during a hotly-contested campaign in many western

Keating acts to shore up economy

By Kevin Brown in Sydney

YESTERDAY'S one percentage point cut in Australia's official interest rates to 7.5 per cent is a result of government determination to shore up confi-dence in the country's flagging economy. Short-term interest rates have now fallen by 19.5 percentage points since peaking at 18 per cent in January

The reduction was expected following the appointment of Mr Paul Keating as prime minister last month, after he defeated Mr Bob Hawke in a battle for the leadership of the

ruling Labor Party.
Mr Keating argued during his leadership campaign for a more relaxed monetary policy to help the economy recover from the two years of contrac-tion that has pushed unemployment to a 10.5 per cent post-war record.

ited by a deterioration in the balance of payments in Novembe account deficit jumped to A\$1.7bn (£700m) seasonally adjusted, from around A\$1.4bn in the previous two months. Short-term bond rates remained below the official rate last night, indicating con-fidence that the government would announce a further cut of up to one percentage point in the next few weeks.

Reconomists said the scope for further cuts was limited by the re-emergence of a balance of payments constraint on growth, and the weakness of the Apstralian dollar, trading at about 75.77 US cents in Sydney last night, against over 80 cents in September.

Political pressure for a further relaxation of monetary policy is likely to grow if nnemployment figures due today show the economy is still shedding jobs. Mr John Dawkins, the trea-

surer, said the interest rate cut was "an appropriate response to the we the economy which would "assist in reviving confidence". But the government is pinning hopes on an economic statement to be made by Mr Keating in late February or early March, following consultations with business and trade union leaders.

Mr Dawkins said the government had some scope for a relaxation of fiscal policy without imperiling the federal budget, expected to be about A\$8.5bn in delicit this year but expected to return to surplus when the economy recovers.

Diligent investigations by the United States of America, the United Kingdom and France have shown that the bombing of Pan Am flight 103 over Lockerbie and the destruction of UTA 772 over Africa are the result of Libyan state-sponsored terrorism.

Gaddafi is responsible for all terrorism originating from Libya. As absolute ruler, he has channelled the country's resources into these malicious acts. As long as Gaddafi remains in power, his regime will continue to

be the world's main sponsor of

erate with the families affected Gaddafi's hideous acts of terrorism. We know too well the suffering and pain that he has caused them. The Libyan people have been his victims for over 22 years. Gaddafi's regime is accused of routine murders, torture and human rights violations in Libya. We have lost thousands of innocent Libyans under his tyranny, just as the world community has suffered from his state-sponsored terrorism

and support of organisations like the IRA and the Abu

Gaddafi's tyranny led us to organise ourselves into the National Front for the Salvation of Libya (NFSL) more than ten years ago. This movement was formed to encourage and unite all Libyan national forces opposed to the Gaddafi regime. The NFSL is determined to overthrow Gaddafi, dismantle his regime and restore freedom, democracy and the rule of law to Libya.

December 24, 1991 marked the fortieth anniversary of Libya's independence. The peaceful transition to independence was hailed as a model for other nations emerging from colonialism. The role of the world community. specifically the United Nations, was critical in achieving this early success. Adrian Pelt headed a U.N. Advisory Committee which was involved in every step to lay the foundation of Libya as a modern democratic state participating peacefully within the world community.

Libya's democratic experiment was aborted by Gaddafi's military coup in 1969. Prior to the coup, Libya

> enjoyed good relations with its neighbours and the world at large. have lost their freedom and their dignity. The NFSL is committed to returning Libya to its original course as mandated by the United Nations. It is our objective that **soon resume its** constructive role within the world community. and once again establish a reputation as a model of peace, development, stability

> We, the Libyan people, forty years after the U.N. mandated

independence, find ourselves once again appealing to the world community to support us to put an end to Gaddafi's rule, and restore freedom and democracy in Libya. We ask the United Nations and the world community to take direct action in opposing Gaddafi's regime. We in the National Front for the Salvation of Libya pledge to continue our struggle until Libya and its people are free once again.

For more information on the NFSL and its programme for a democratic Libya please write to: The National Front for the Salvation of Libya, 117 W. Harrison Building, 6th floor - Suite A246, Chicago, Illinois 60605, U.S.A.

Second opposition party launched to oppose Moi

KENYA'S second opposition perty was formelly launched in Natrobi yesterday. The Demo-cratic Party (DP) promised to end what it called President Daniel arap Mot's dictatorship and to usher in democratisation, good governance, accountability and transpar-

Mr Mwai Kibaki, a veteran politician and former vice-pres-ident who resigned from Mr Mol's government on Christmas Day, said his party was also committed to free enterprise and to racial, sexual and

religious equality. The Forum for the Restora-tion of Democracy (Ford) was the first substantial opposition party to be latinched, before multi-party elections due this

in a lengthy policy mani-sesto, Mr Kibaki, a prominent political figure from the large and wealthy Kikuyu tribe, also set out the first detailed opposition social and economic pro-

Political observers said yes-terday, Mr Kibaki had failed to attract sufficient broad-based support among Kenya's tribes to make the new party a serious contender against the Forum for the Restoration of Democracy as the main opposi-tion party.DP leaders are mostly Kikuyu and former

members of the government. Political analysts say the DP may further alienate the Kikuyu inhabitants of the popalous Central Province, away from the ruling party.

THE NATIONAL FRONT FOR THE SALVATION OF LIBYA

By Lionel Barber in Washington

THE pictures from Tokyo of a stricken President George Bush, his face ashen and his mouth agape, will remain embedded in the US popular

memory for a long time.

Millions of Americans woke millions of Americans woke up yesterday morning to watch the jarring images replayed again and again on breakfast television. Many wondered if there was more than met the eye in the White House expla-nation that the Commander-in-Chief had fallen victim to a severe bout of stomach flu. This was, after all, not the first time that Mr Bush had fallen sick on the job. Just

seven months ago, the presi-dent was taken to hospital after suffering "atrial fibrillations" - a rapid heart-beat which doctors later diagnosed as a symptom of a thyroid ailment. Then, as now, questions have arisen about the quality of Mr Bush's potential successor. Vice-President Dan Quayle. In the short term, it was Mrs Barbara Bush who probably saved the day. Soon after her husband had collapsed, the First Lady recovered her composure, remained at the state dinner hosted by Mr Kiichi Miyazawa, the Japanese prime minister, and proceeded to make light of the incident. "I can't explain what hap-

pened to George because it never happened before, but I'm beginning to think it's the ambassador's fault," said Mrs Bush, pausing for laughter and applause. She went on to explain that the president had played tennis with Mr Michael Armacost, US ambassador, for two hours against the Emperor and Crown Prince of Japan, and had been soundly thrashed: "We Bushes aren't used to that."

Despite Mrs Bush's best efforts, the Tokyo tummy bug incident - if that is all it is means that Mr Bush's health will become a factor in the presidential electoral campaign this year, as it threatened to do after Mr Bush had suffered his arter Mr Bush had surfered his irregular heart-beat last May 4 while jogging at Camp David. In the coming months, Mr Bush, who is aged 67, will face a travel schedule almost as rigorous as the 12-day, 26,000-mile

eral congressional committees are now showing to his com-

At the same time, Mr Quayle is increasingly considered as a bona fide spokesman for the right-wing of the Republican party within the predominantly pragmatic Bush administration.

Mr Quayle's press clippings, too, have changed markedly for the better.

Mr David Broder, the Wash ington Post's senior political writer, and Mr Robert Wood-

ward, its well-known investiga-

tive reporter, are publishing this week a seven-part reas-

sessment of his career. They depict an ambitious politician who, far from being plucked

from obscurity, in fact con-ducted a skilful, low-key cam-paign for the vice-presidency;

and their judgments appear for

the most part to reflect favour-

ably on Mr Quayle. But the vice-president's prob-

lems lie less with Mr Broder and his ilk than with Mr Jay

Leno or Mr David Letterman, the late-night television come-dians whose jokes have done much to create the Quayle leg-

While Mr Quayle's stock has

undoubtedly risen in Washing-

ton, it is less clear that the rest

of the country has forgotten

the disastrous, if arguably

unfair, first impression he

made in 1988.

A Gallup poll in November showed that three quarters of those questioned had no

greater confidence in Mr

Quayle as a leader after seeing him in office for three years.

Only 37 per cent thought him qualified to be president, against 53 per cent who found him unqualified.

Even among Republican vot-ers, 32 per cent believed Mr

Bush should choose another

running mate for the 1992 elec-

Few votes are decided on the basis of the vice-presidential nominee, and a few months

ago, with President Bush coast-ing in the polls, the unfavoura-ble perception of Mr Quayle

But with the president's col-

lapse in Tokyo reawakening concerns about Mr Bush's

health, Mr Quayle has much to do to turn himself into an elec-

might not have mattered

petitiveness council.

Quayle still faces

The past continues to dog Bush's

AN QUAYLE, US to his effectiveness, however, is the flerce hostility that severally set about business eral congressional committees

deputy, writes George Graham

tough fight

as usual yesterday in the wake of President George Bush's col-lapse in Tokyo. He spent a few hours in his White House office

before leaving for a campaign trip to New Hampshire, which

will hold the first primary election of the year next month. Mr Quayle defines his role in

Mr Bush's re-election team as

the campaign's pit bull terrier, assigned to confront head-on the conservative challengers for the Republican party's

That he is allowed to cam-

paign at all is a measure of the ground he has regained since his disastrous showing in the

days after Mr Bush picked him

Successful campaigns in Indiana for election to the House of Representatives and

then the Senate had not accus-

tomed him to hostile press

questioning, and Mr Quayle

himself concedes that he lost

Mr Quayle thought the

onslaught would die away after

the election. It did not. The vice-president remained

the butt of every satirist, building his own legend with a new string of blunders and spawn-

ing a vast Quayle joke indus-

Over the last year, however,

the image of the vice-president as a pampered featherbrain has

undergone considerable revi-

sion. In what is widely acknowledged as a difficult role with few defined func-

tions, Mr Quayle has managed to make a number of initia-

tives. His special field has been

deregulation, as chairman of

Assessments of his success

as a deregulator are mixed.

Some right-wing groups com-

plain that the Bush administra-tion has added new layers of red tape. Other critics contend that his well-publicised initia-

tives to curb America's litiga-

tion addiction by reforming the

civil justice system or to speed

up the Food and Drug Admin-

istration's procedures for

approving new medicines have,

for the most part, simply repackaged measures that

were already being imple-

the president's council on com-

petitiveness.

1988 election.

control

for credibility

Australia, Singapore, South Korea and now Japan.
Comparisons will be drawn between the White House incumbent and the ruddy-faced Governor Bill Clinton of

trade mission which has taken him through 10 time zones to Jimmy Carter, weighed down Jimmy Carter, weighed down by the terrible burden of office, Mr Bush uses exercise as a mental escape, in much the same way as his hero President Theodore Roosevelt did at the turn of the last century.

Arkansas, 46 years old and the early Democratic front-runner. The president is a very physical man... and Ī don't expect any changes'

ily be turned into the "age" factor - though neither will be enough to determine the outcome of the election.

Mrs Bush's tennis anecdote is telling because it pinpoints both a great strength and weakness in her husband's

approach to his job.

The president makes few sions to high office when it comes to physical activity. Having watched ear-

taking drugs for his thyroid complaint, but soon afterwards he was inviting reporters half his age to go jogging. "He loves it," said Mr Marlin Fitzwater, White House press secretary.

Mr Fitzwater repeated the message yesterday. After declaring somberly that "noth-ing extraordinary has occurred", one hour after Mr Bush's collapse, the spokesman said: "The president's schedule for three years and one that he enjoys, He is a very physical and vigorous man, and I don't expect any changes."
In recent months, however,

Mr Bush has been more "hyper" than usual. Some attribute the activity to an effort to compensate for his slump in the polls. This stems from a slide in public confidence in an early economic recovery, although Mr Bush has had plenty of other serious con-cerns such as the collapse of the Soviet Union, the fate of more than 27,000 nuclear warheads on Soviet soil and - the single most important political issue in the US today - the future of the US economy.

Mr Bush has tried many a public gimmick to restore confidence. "Activity," says one critic, "has replaced thought."
The decision to take 21 US business leaders on the trip to Tokyo may be the most unfortunate gimmick of all. Mr Bush faces criticism - in Japan and in the US - for having invited corporate executives such as Mr Lee Iacocca, Chrysler chair-

years ago, Mr Iacocca was a corporate hero; these days, he is often dismissed as overpaid and too inclined to shift blame

onto foreigners.

These presidential failings may reflect the sheer pressure may reflect the sneer pressure of a non-stop job, but they are more likely the result of politi-cal misjudgments. The ques-tion is whether Mr Bush's political advisers will counsel him to slow down a little, if only better to collect his thoughts and conserve his energies for the strains of the energies for the strains of the

campaign.

Just before he collapsed at the state dinner, Mr Bush told a US reporter that he would not run for re-election if his health were in doubt. He added quickly, however, that he felt in good shape, though "a little thred sometimes."

If Mrs Bush has her way, her husband will slow his pace —

but it will be difficult for man who has always prided himself in his stamina, athleticism and ruddy health. Having had one warning last year, will Mr Bush take heed this time

Mulford seeks support for growth strategy By Peter Norman, Economics Correspondent

By Peter Norman, Economics Correspondent



retary for international affairs, was yesterday seeking support

pean members of the Group of Seven leading industrial coun-tries for the US-Japanese growth strategy unveiled in Tokyo by US President George

Tokyo by US President George
Bush and the Japanese prime
minister, Mr Kiichi Miyazawa.
After visiting Paris on Tuesday and Bonn yesterday morning, Mr Mulford arrived in London for a meeting with Mr
Norman Lamont, Britain's
chancellor of the exchequer.
Mr Mulford will visit Rome Mr Mulford will visit Rome tomorrow before returning to Germany at the weekend for the first in a series of meetings of senior officials to prepare this year's world economic summit in Munich in July.

Speaking just after arriving

in London, Mr Mulford said his tour of European capitals was to seek the four governments' views about the state of the world economy and to estab-lish whether and how they would be prepared to take part in a global growth strategy. However, there was little

sign yesterday that European countries would be inclined to change existing policies in response to US pressure.

Mr Mulford underlined that
he was consulting America's

European G7 partners rather than asking them to join an already prepared plan. The statement issued yesterday in Tokyo was a joint US-Japanese initiative to strengthen the initiative to strengthen the world's two higgest economies. He said his trip to Europe was "beginning a process" which he hoped would lead to

new commitments similar to those announced in Japan. The US Treasury tried last year to encourage European countries to adopt more expan-

Mr David Mul-ford, US Trea-sury under-sec-sury under-sec-and central banks-that premet resistance from treasuries and central banks that pre-ferred to give priority to com-bating inflation.

Mr Mullord said yesterday

he believed there was now greater concern in Europe about the sustainability of about the sustainability of global growth that was not apparent six or nine months ago. However, in Britain, France and Germany there was little to suggest that government were prepared to rethink existing policies.
Yesterday, at a meeting of the National Economic Development Council, Mr Lamont indicated that he opposed short-term fiscal action to stim-

short-term fiscal action to stimulate the economy. He recently underlined his acceptance of underlined his acceptance of high UK interest rates by repeatedly ruling out any devaluation of sterling in the European Monetary System.

Similarly, Mr Pierre Bérégovoy, French finance minister, yesterday rejected suggestions that France relax its ant-infa-tion policy or weaken its com-

tion policy or weaken its com-mitment to a hard franc. "As long as I shall be finance

minister, there will be neither devaluation of the franc nor a return to inflation," he said in the Figaro newspaper.
Officials in Bonn also reacted cautiously to the US-

Japanese move. They disclosed that the US had given several weeks' notice of President Bush's economic initiative to the German government in a series of meetings.

series of meetings.

Ministers had been briefed, and welcomed "any global actions" which might aid recovery. But possibly mindful of strong criticism of German policies by Washington last year, they said it was important that no single country should be singled out for speshould be singled out for speciai treatment.

Additional reporting by lan Davidson in Paris, Christopher Parkes in Bonn and Peter Marsh in London.

JOINT COMMUNIQUE

Plan to bolster world economy

THIS IS the text of a joint statement issued yesterday by US President George Bush and Mr Kiichi Miyazawa, the Japanese prime minister.

President Bush and Prime Minister Miyazawa today announced a strategy for world growth designed to strengthen the world economy. The president and the prime minister expressed concern that the growth of the world economy in 1991 slowed to the lowest level in nearly a decade. They recognised that the outlook for growth of the world economy this year is weaker than previ-

ously expected.
This situation could adversely affect prospects for income and jobs, undermine the efforts of newly emerging democracies and developing countries to imple-ment sound market-oriented economic reforms, and reise the spectre of renewed protectionism. The US and Japan are the two largest countries in the world economy, logether accounting for nearly 40 per cent of total global production and more than 20 per cent of world trade.

The president and the prime minister, aware of a special responsibility placed on their countries by their position, recognise that each country needs to pursue responsible economic pol-icles that strengthen the interna-tional economy and global trading

They have decided to under-take domestic policies to improve growth prospects, as a part of a co-operative effort which contributes to the attainment of sustainable growth with price stability and the promotion of global eco-

nomic recovery.
Prime Minister Miyazawa, with these considerations in mind, stated that the government of Japan will submit to the Diet (parlament) the fiscal 1992 budget and the fiscal investment and by included patrix government and local government, and contributing to the world through its official development assistance (ODA) and other measures, 15:14despite tight fiscal conditions. Prime Minister Mivazawa

stated that the government of Japan will monitor the progress of the above measures to ensure the expected effects are realised. The recent decision by the Bank of Japan to reduce interest rates is also intended to maintain

Toward the same end, President Bush also stated that he would be submitting to Congress would be submitting to Congress a comprehensive programme to strengthen US growth and competitiveness. The details of the programme will be contained in the president's State of the Union message and his budget proposals for fiscal 1993, to be encounced later than the contained that the contained that the contained later than the contained late announced later this month. The president noted that the recent reduction in interest rates reflected the determination by the Federal Reserve to facilitate US economic recovery and growth.
The president also reaffirmed his commitment to achieving a substantial reduction of the US budget deficit over the medium

The president and prime minister reviewed developments in financial markets and agreed that recent exchange rate movements

They expressed confidence that the above measures and developments will contribute to a correction of external imbalances. President Bush and Prime Minister Miyazawa expressed their ister miyazawa expressor me-continued support for ongoing economic policy co-ordination among G7 countries as essential for achieving their common objec-

tives as expressed in this state They stressed the importance

ioan programme almed at strengthening domestic demand Poor image works against western 'gas guzzlers'

P RESIDENT George Bush's car sales pitch in Japan this week has Robert Thomson on why the Japanese steer clear of imported cars Japan this week has apparently had an impact. At Chrysler's largest showroom in downtown Tokyo, the number of potential customers walking through the automatic doors has doubled since the US president landed - from a meagre five a day to a Bush-inspired

"People have become more curious, but American cars still have a poor image among Japanese, a Chrysler sales-man explained. They ask me whether the lights are faulty and they worry about fuel consumption. Some models don't have enough gadgets to keep drivers happy. We Japanese

from the Big Three US manufacturers - GM. Ford and Chrysler - has generated much publicity for the US industry, but it remains unclear whether the visit will prompt an increase in sales of

About 12,350 vehicles made by the three US companies were sold in the the first 11 months of last year. For the whole year, the Japan Automobile Dealers' Association (Jada) reported sales of 5.74m units, including 199,920 imported vehicles, sales of which were down 10.7 per cent on 1990.

The travelling US executives love gadgets."

The presence of Mr Bush and his entourage of executives argue the domestic market has been a "sanctuary" for Japanese producers, who have

ploughed domestic earnings into aggressively building market share in the US and Europe. But the executives have identified few reasons for Japanese consumers' continuing reluctance to buy their

At Chrysler, which has four showrooms in Japan, a salesman suggested that Japanese consumers have failed to recognise the advances made by US makers in recent years, although the makers still export over-large cars which don't fit the market or Japanese streets.

Unfortunately for the US companies, some of their best customers over the past two decades have been the yakuza. Japanese gangsters, who have a well-known fondness for cars such as GM's Cadillac. Chrysler sales staff are encouraged to be cool in dealing with gangsters, who apparently like the company's Imperial model, which is 5.165 metres long and costs Y6.2m (£26,700) before

"If we know that a customer is a gangster, perhaps we will not provide them with the finance to buy the car. We are very conscious of the image of our company," an official said. US manufacturers have not always had such a tiny portion

of the Japanese market. Foreign makers, with Ford and GM leading the pack, held a 95 per cent share in the early Japanese industry was effec-

1930s, a figure which fell sharply after the government introduced a law in 1936 torestrict imports and the assembly of foreign companies' vehicles

By 1939, foreign makers were squeezed out completely, though they returned at the and of the war in 1945, and imports accounted for 44.6 per cent of the market in 1951. The introduction of steep tariffs and the gradual development of the Japanese industry, assisted by foreign technology transfers and government funding, reduced the share to 8.9 per cent in 1955 and to 0.4

per cent in 1969. Foreign investment in the

tively prohibited until 1970 and the government inconveniently insisted, until 1983, that each imported car be inspected by customs officers.

Meanwhile, the quality of the domestic product had improved significantly, and exports grew from 194,000 in

US manufacturers suggest that access to the Japanese market is still restricted, but Japanese companies insist the quality and price competitiveness of their vehicles are behind the marginal gains made by foreign vehicles in the past decade.

Jada says its members, most of whom have direct links to Japanese manufacturers, are ready to sell US vehicles, but



US auto makers await concessions

By Stefan Wagstyl and Steven Butler in Tokyo



made opening Japanese markets to foreign goods the main purpose of his

yesterday secured some modest trade concessions from the Japanese government.

But Mr George Bush failed to obtain the assurances he has sought on better access to Japanese markets for the US auto industry.

The president, who is con-cerned about the US recession and Japan's large bilateral trade surplus, regards resolv-ing auto trade issues as crucial to the success of his visit. While he and Mr Kiichi Miyazawa, the Japanese prime min-ister, steered clear of trade details at their summit meet-ing yesterday, their officials were locked in long negotia-

The talks were planned to end by the evening. But offi-cials were forced to postpone scheduled briefings when it became apparent that the two sides were still divided over the auto market. They hope to reach agreement today.
"It's pretty tough. But I think we could have smiles on our faces in the end," said one official close to the talks.

The Japanese have agreed to US demands in some areas, including the relaxation of testing procedures for imported

However, US officials are not satisfied with the pledges they have secured for increases in purchases of foreign parts including imports and local procurement for overseas plants - and imports of USmade cars.

This week, leading Japanese car companies announced revised plans to increase purchases of foreign-made parts. Under great pressure from the Ministry of International Trade and Industry (Miti) the manufacturers increased targets announced only two months

Toyota, the biggest maker, pledged to buy \$5.2bn (£2.85bn) worth of foreign components in 1994, compared with an original target of \$4.6bn and an

actual figure of \$2.6bn in 1990. Nissan Motor, the second largest company, promised pur-chases of \$3.7bn, compared with a previous goal of \$3.3bn and a 1990 total of \$1.3bn. Toyota, Nissan, Honda Motor, Mazda Motor and Mitsu-

bishi Motors, the five biggest manufacturers, together agreed to buy parts worth \$17.8bn, compared with a previous goal of \$16bn. The increased figure still falls short of a total of about \$20bn demanded by the US.

The gap is even greater in imports of finished cars.

US makers have complained that they cannot sell many cars in Japan because the sales networks are controlled by the large Japanese manufacturers. So Miti has pressed Japanese makers to open their networks to imports.

sterday, leading Japanese makers announced plans to import between 45,000 and 50,000 more US-made cars a year into Japan by 1994. The bulk, however, will come from an increase in imports of US-made Honda cars – from 14,000 in 1991 to 27,000 – and a

of its US-made vehicles by 1994. Help for US makers will be on a smaller scale - Toyota said it would negotiate with General Motors about selling perhaps 5,000 cars a year. Nissan plans to sell 3,000 Ford vehicles annually and Honda intends to increase the number of Chrysler jeeps it handles from 437 to 1.200.

plan by Toyota to import 20,000

Mr Peter Pestillo, vice-president of Ford, said in Tokyo that the figures were too small to solve the imbalance in the

Mr Bush told Mr Miyazawa that while he wanted better access for US manufacturers, Americans also had to consider why European cars sold well in the Japanese market and US cars did not.

Meanwhile, the president got some satisfaction on a project close to his heart - his request for a Japanese contribution to a \$8.25bn superconducting supercollider, a huge scientific research machine, under con-struction in his home state of Texas. Mr Miyazawa agreed to



Dan Quayle: cannot win public's confidence

grade and perhaps as much as

18 degrees.

Over this longer time horizon, the damage from warming

could amount to 6 per cent of GNP, or six times the conven-tional estimate. But the effects

ing there for three centuries

The implication of his analy-

sis is that the Bush administra-tion's passive attitude to global

has not yet even agreed targets

for carbon emissions, on grounds of "scientific uncer-

support an international car-bon tax, with mild initial rates, some of the revenue being

channelled to developing countries so as to back environmen-

tally friendly policies. Over the

longer term, the risks from

warming are great enough to justify international carbon

quotas, backed if necessary by

Mr Cline says the US should

AMERICAN NEWS

ek Washington urged to abate tel global warming

He calculates that global emissions of carbon could rise US POLICY-MAKERS have seriously underestimated the seriously underestimated the economic costs of, global warming and should support an "aggressive programme of international shatement." from 6bn tonnes today to 20bn tonnes by 2100 and more than 50bn late in the 23rd century. This would cause global temperatures to rise by a central estimate of 10 degrees centi-

The warning was delivered by Mr William Cline, a senior fellow at the Institute for International Economics, a Washington, think-tank, at the annual meeting of the American Economics Association in

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New Orleans last weekend.

Most analyses of global warming have focused on the effects of a doubling of carbon dioxide concentrations, which on unchanged policies is expec-ted by 2025. The consensus among scientists is that this would raise average global temperatures by between 1.5 and 4,5 degrees centigrade, with a "best guess" of 2.5

degrees.

Many economists believe this much warming would cause only limited economic damage, equivalent to perhaps 1 per cent of gross national product. The World Bank, for example, is expected to play down the economic risks of warming in the World Develop-ment Report this year, which will be devoted to the environ-

At the conference, Mr. Law-rence Summers, the bank's chief economist, said global warming, even on "very pessi-mistic assumptions", would off-set "less than six months' GNP growth over the next 40 years." it would not be "civilisation-threatening."

threatening.

Mr Cline, soon to publish a book on global warming, says the conventional benchmark of a doubling of carbon dioxide levels by 2025 is misleading: "Because global warming is cumulative and irreversible, a much longer time horizon should be considered." Warming is set to continue at least until 2300.

Cuban capture

CUBAN security forces have captured three armed "counter-revolutionary terrorists" trained in the US, who had landed by dinghy on the northern Cuban coast to anuch attacks, Reuter reports

from Havana.

The Interior Ministry stated yesterday that the three, all resident in Miami, were seized 29 after they had landed at El Jacaro near Cardenas in 29 after they had landed at El time.

Jacaro near Cardenas in The main point of contention matanzas province, about 90 is who would be prime minis-

Haitian talks

HAITIAN parliamentary leaders who have met ousted President Jean-Bertrand Aristide in Venezuela yesterday expressed optimism that they could reach agreement with him for his return to power, Regier reports from Caracas.

They declined to predict when an accord might be reached, but said talks with Father Aristide would con-

THE RTZ DAVID WATT **MEMORIAL PRIZE**

his prize is a tribute to a man widely regarded as one of the UK's outstanding writers, thinkers and political commentators.

It was introduced in 1988, following the tragic and untimely death of David Watt, to commemorate his life and work.

To be eligible, writers must be actively engaged in writing on international and political matters for newspapers and journals, and in the English language. In the opinion of the judging panel their writing must have made an outstanding contribution towards the clarification of political issues, whether international or domestic, and

the promotion of their greater understanding. The 1992 Memorial Prize, which is £5,000, is organised, funded and administered by RTZ to whom entries should be sent-

-: Full details and entry forms are available from The Administrator, The David Watt Memorial Prize, RTZ Limited, 6 St. James's Square, London SWIY 4LD. Closing date for entries and nominations is 18th March 1992.

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WORLD TRADE NEWS

US and EC struggle for spring accord on Gatt

US and EC trade officials this week have been struggling to devise a strategy for the Uruguay Round negotiations with the believing a strategy for the Uruguay Round negotiations at the EC foreign, trade and farm ministers in Brussels on January 10-11. EC trade and farm ary 10-11. EC trade and farm ministers in Brussels on January 10-12. EC trade and farm ministers in Brussels on January 10-13. EC trade and farm ministers in Brussels on January 10-14. EC trade and farm ministers in Brussels on January 10-15. EC trade and farm ministe week have been struggling to devise a strategy for the Uru-guay Round negotiations with the objective of producing a final package this spring. This would allow Congress to pute would allow Congress to vote on the package before the November presidential and Congressional elections. Both sides, however, have

difficulties with the draft agreement submitted by Mr Arthur Dunkel, the director-general of the General Agreement on Tariffs and Trade Ment on Tarins and Trace (Gatt), on December 20. Mr Frans Andriessen, the EC vice president in charge of trade, and Mrs Carla Hills, the US Trade Representative, met on Tuesday in Washington to discuss procedures and "liked what each other had to say," an EU stokesman said. an EC spokesman said. An important stumbling keen to support yielding of US block could be the meeting of trade sovereignty. But business

on December 23 in rejecting the Dunkel agriculture plan. The US difficulty is as much with agriculture as it is with the other sectors. The assump-tion in Washington has always been that the US would have to

make concessions on the pro-tected farm sectors and textiles in order to get the strong rules business groups want for intel-lectual property rights, ser-vices, investment, and market access. Many companies see
the Dunkel paper as flawed
and the developing countries
as having gained too much.
With the US recession continuing, neither Congress nor its business constituents are

of the round, yesterday released a statement calling the Dunkel paper "a basis for continuing intensive negotiations." It urged Mrs Hills and the Bush Administration "to continue the administration's relentless pursuit of a broad-ened strong agreement."

The International Intellectual Property Alliance issued a statement warning that "criti-cal improvements" need to be made in the text to protect US copyright owners. It listed as a critical defect...the inclusion of an unreasonably long – and unnecessary – five-year transi-tion period before less-developed countries would be be required to comply with the

tional estimate. But the effects are not easily predicted. With 10 degrees of warming, for example, the western Antartic ice sheet could disintegrate, causing a substantial rise in the sea-level. Mr Cline analyses the costs of cutting carbon emissions to \$4bn tunnes annually and holding there for three centuries. Abatement costs would peak at about 3.5 per cent of GNP by about 2040 and stay thereafter at 2.5 per cent. Assuming that policy-makers should be risk-Japan's car parts makers pose no threat to Europe, says study averse (assigning higher proba-bilities to bad rather than to

good outcomes), he estimates the benefits from reducing car-bon emissions would outweigh

JAPAN's car makers are discouraging Japanese compo-nent manufacturers from setting up in Europe "as a matter of policy", according to a new study of the European motor warming is economically mis-taken. The US, unlike most European countries and Japan, components sector by the Economist Intelligence Unit. As a consequence, the prospect of an influx of Japanese components groups seriously threatening the welfare of Europe's indigenous components indigenous components.

nents industry – as happened in the case of the US – can be "largely discounted", the report* concludes. Even in the absence of a Jap

anese threat, however, the West European components industry will be subject to fur-ther "drastic" restructuring in the near future, with a spate of acquisitions and mergers as vehicle makers come to rely increasingly on suppliers with a global capability, the report

It earmarks south-east Asia and the Pacific rim as providing the greatest growth oppor-tunities in vehicle and compo-

EUROPEAN	VEHIÇLE (COMPONENT	\$ALES	(\$bn)
Manufacturer		1990	1988	% change
Bosch		10.76	7.61	+ 41.4
Michelin		10.31	8.07	+ 27.8
Philips		4.79	3.79	+ 26.4
Continental		4.86	1.77	+163.3
Valeo		3.94	2.06	+ 91.3
Magneti Marelli		3.37	2.04	+ 65.2
ZF		3.11	1.94	+ 60.3
BASF		3.09	1.67	+ 85.0
GKN		2.75	1.80	+ 52.8
Pirelli		2.62	2.90	- 9.7
Lucas		2.45	1.99	+ 23.1
		5	oarces: ElU;	company data

nents manufacture, and says that "it is now essential for European companies to estab-lish bridgeheads in these regions" if business is not to be lost irrevocably, overwhelmingly to the Japanese.

Between them, western Europe's component makers

have the chance to dominate the motor industry's rebirth in Rastern Europe, the report conchudes. So far, however, it identifies

Germany's components industry as making the running, with nine manufacturing operations or joint ventures already under way, with several more forecast to

The European Automotive Components Industry: A Review of the Industry and of 80 Leading Manufacturers. From The Economist Intelligence Unit, 40 Duke St., London, W1A 1DW. £495/\$985.



UK signs £500m accord for Kuwait export credits

BRITAIN yesterday signed an agreement making available 2500m in export credits for Kuwait, writes Anthony McDermott.

The medium-term credit, signed yesterday by Mr Tim Sainsbury, UK trade minister (left), and Mr Abdullah al-Gabandi, the managing director of the Kuwait Investment Authority, is to be managed by the Export Credits Guarantee Department (ECGD), and should provide welcome backing for UK companies in winning contracts for the \$200m (£10.7bm) effort to rebuild Kuwait after Iraq's invasion in 1990.

Since Kuwait's liberation last February, UK companies have won deals worth £491.6m, amounting to about 20 per cent of

contracts on offer.

This deal follows similar agreements that Kuwait has concluded with such countries as the US, which has won the cream of the contracts, Canada, Japan, and other countries in the EC.

On returning from a visit to Kuwait last November, Mr Sainsbury said that while building contracts were not as substantial as first thought, many re-supplying orders were available in telecommunications, electronic equipment and vehicles. This restocking could take three to five years. Financing should not be a problem with Kuwaiti oil production reaching pre-invasion levels of 1.5m barrels a day by the end of this year.

Airbus orders show sharp fall

AIRBUS INDUSTRIE said aircraft orders fell to around 100 in 1991, well below 1990's 404 and the group's earlier 1991 forecast of 145, Reuter reports

from Paris. An Airbus spokesman also said the group delivered slightly fewer than the 170 jets it forecast for 1991. It delivered only 95 aircraft in 1990 because of a strike at one of its part-

All of the civil aircraft mak-

ers expected orders to plunge in 1991 because of losses suf-fered by most world airlines and a natural pause after the buying binge in the late 1980s. The airlines have been hit by economic downturns in the US and much of western Europe and by the Gulf crisis of late slashed world airline traffic. Airbus is a consortium made

up of France's Aérospatiale British Aerospace L. Construc and the Deutsche Airbus unit of Germany's Daimler-Benz It booked a record 421 orders

 China signed contracts worth \$100m (£53m) in 1991 to sell 32 civilian aircraft to 11 countries and areas, the China News Service said, Reuter reports from Hong Kong. • Iran is ready to return six Kuwaiti aircraft flown to safety by Iraq during the Gulf War last year, Mr Assad Kotaite, the head of the UN aviation authority has said, Reuter

China threatens retaliation if **US** imposes trade sanctions

CHINA yesterday warned the US it would impose retaliatory duties on US imports worth \$1.2bn (£641m) if Washington carries out its threat of trade

sanctions against Beijing.
The warning comes on the eve of the sixth and final round of trade talks between the two countries on the protection of copyright and patents, due to open in Washington tomorrow. The talks are scheduled to last two days.

reached on the protection of US intellectual property.
It has set a deadline date of

January 16, extended from November 26 last year, for a resolution of the dispute. If none is reached it will invoke the punitive sanctions allowed under the 301 Section of the US Trade Act.

Washington says China's The US has announced it laws provide inadequate pro-will impose tariffs of up to 100 tection for copyright and lery and raw materials.

per cent on a wide range of Chinese exports valued at \$1.5bn if agreement cannot be patents. It accuses China of being the single largest pirate worldwide of US intellectual property, causing losses amounting to \$430m annually. US officials say China's law leaves almost all films, plays, music recordings unprotected.

Trade talks between the two countries have so far failed and the likelihood of sanctions is growing. Chinese exports at risk include beer, silk clothing,

Going Dutch in

HE town, with its small bungalows set on clipped lawns and its ruddy-faced, blue-eyed residents on their bicyclesis typical of a Dutch flower-producing region, exporting its blooms all over the world. Except that it is in the heartland of Brazil.

Founded after the Second World War when Brazil was open to large numbers of immigrants, the town of Holambra, in São Paulo state, Brazil's economic hub, has overcome countless adversities to become Brazil's biggest flower producer with exports of more than \$2m a year. Its rose and gladioli bulbs and seedlings are sold mainly to Europe, includ-

ing the Netherlands Largely due to the efforts of Holambra's growers Brazil's

total floral exports rose from \$3m in 1987 to more than \$5m last year.

Holambra's first arrivals in April 1948 found the land – bought by the American and Dutch governments – "was nothing but jungle inhabited by wolves and taguars", says by wolves and jaguars", says 77-year-old Mr Wim Weil

77-year-old Mr Wim Wail.
In June 1948 the Holambra
co-operative was created and
its 5,000 hectares divided into
lots. Many of the immigrants
had been flower growers but it
seemed hopeless to try to grow
flowers in such heat for such a
huge a country and no tradition of flower buying.

tion of flower buying.

Mr Weil says: "The first 10 years were really hard. We had to construct a city as well as a company and we had no idea what would grow."

The photo museum he now runs charts their not always successful efforts at growing rice, beans, peanuts, oranges, corn, soya and cotton and rais-ing pigs and chickens. Cows sent out from time to time by the Dutch government died of

iropical diseases.

Many settlers left for other parts of Brazil or went back to the Netherlands and the co-operative was on the verge of bankruptcy in the early 1960s. It was balled out by the Dutch government which provided credit that allowed them to buy a truck they needed badly.

Holambra turned to flower-growing with the arrival in 1961 of Mr Henricus Schoenmaker who brought with him three generations of expertise and technology, setting up pro-tected houses in which seed-lings could be nurtured. His son Cornelius says: "It was a gon contents says. It was a real struggle as there was no market. In the Netherlands every house has a vase of fresh flowers but here people used money to buy food not flowers.

Only really in the last eight years has it taken off." Today of the co-operative's 320 members, 110 are flower growers and last year 25 per cent of total earnings of \$100m came from flowers. The co-operative grows more than 800 species of flowers and 1,000 tropical plants and has a third of the Brazilian market. While Brazil's third year of

Christina Lamb visits a bulb and seedling export business based in a former jungle

recession is sending Italian and Japanese immigrants back to their native countries, many young Dutch people are arriv-ing, attracted by cheap land, a growing market and lack of competition. Mr Renato Opitz, production manager of Holambra, says: "They can earn here in 10 years what would take a lifetime in Holland."

The constant influx of new people keeps the town on its toes, he says. "The older Dutch people have to adopt the new ideas to survive and send their children to the Netherlands to learn as Brazilian institutions do not have the technology.

Despite Brazil's economic woes, the country's \$75m a year flower market is increasing. Mr Opitz explains: "People in the A and B [socio-economic flower flow omic] groups always buy flowers even in a crisis and when there is less money available those in the C and D groups also buy as a cheap alternative

Brazil's average flower con-sumption is 25 times less than that of Europe. To augment this Holambra has launched a newspaper, a weekly TV programme on flower care, and every September hosts a flower show that attracts 200,000.

However, the bigger growers such as the Schoenmakers are concentrating on exports and joint ventures with Dutch companies. Mr Schoenmaker who is hoping to expand on the 50m gladioli bulbs and cuttings he sells to the Netherlands, explains: "Although I think the Brazilian market has huge potential I don't want to depend on it because of the instability of government economic policy." After the Collor Plan in March 1990, for example, under which 80 per cent of the nations assets were frozen, for weeks growers had to throw away their flowers.

Weekend

You obviously know "how to make it" - you're reading the weekday FT.

At the weekend however your attentions turn to other things, as indeed do ours. Having "made it", how for instance do you best "look after it?" Well, Weekend FT's "Finance and the Family" pages cast an expert eye on all aspects of personal finance.

We identify investment opportunities, assess and compare your options and discuss your problems.

Along with the more serious business of "looking after it" we focus our minds on how to enjoy it, or in Lucia van der Post's case, quite unashamedly "How to Spend it" - on which, incidentally, she's never short of ideas. Our property pages feature, along with some sound advice, many of the most interesting homes on the market.

How to make it. How to look after it. How to spend it.

We get out to the exhibitions and auctions, out for a test spin with Stuart Marshall behind the wheel, out in the garden with Robin Lane Fox and more often than not with Jancis Robinson we're out in the vineyards of France or Italy or wherever her expert nose leads her.

All this and our weekend has barely begun. Order your copy of the Weekend FT from your newsagent this Saturday and join us.

Every Weekend

UK NEWS

UK jobless total |Opposition launches plans to revive industry third worse in EC, says Labour

THE opposition Labour party yesterday underlined its intention to put unemployment at the heart of the election cam-paign by releasing a leaked Department of Employment briefing paper which shows that, when calculated on the same basis as other countries, Britain now has the third high-est unemployment in the EC, behind Spain and Ireland.

As Labour launched its package of measures to strengthen the economy in the longer term, Mr Tony Blair, the par-ty's employment secretary, said the paper showed that the rise in Job vacancles, which Mr John Major had implied in the House of Commons was a posi-tive economic sign, seemed to be "associated with a reduction

in recruitment activity".

It acknowledged that the number of new vacancies notified to Jobcentres fell for the first time since August, while the number of people placed into jobs by the employment service also fell – the largest

fall in placings since June. Mr Blair said the paper also showed that the rate of increase in unemployment in Britain in the last year was

THE political row about the prospects for the economy took a fresh turn yesterday as the Labour opposition launched its package of mea-sures to revive British indus-

At the start of an intensive campaign on the theme of "Made in Britain", Mr Neil Kinnock, the Labour party leader, unveiled a strategy founded on Labour's belief that economic recovery must be investment led rather than Among the measures pro-posed is a cash-limited fund

for investment in small and medium-sized manufacturing firms, to last for six months, and new steps to promote exports. These would include creating an integrated export service, and launching

regional export drives.

The paper setting out the strategy also brings together policies such as enhanced first year capital allowances for manufacturing investment and improvements in skills train-ing, to which the party has been committed for some time.
It will form the basis of intensive campaigning in the

regions by the opposition eco-nomic team for the next two to three weeks, and was the theme of last night's party political broadcast on national television featuring Mr David Putinam, the film director.

Joined by Labour's team of economic spokesmen, Mr Kin-nock condemned the government for seeing competition "only in terms of going down-market to low-tech, low-skill

goods and services. That is not the way for Britain to succeed."
Mr Kinnock brushed aside questions about a paper writ-

ten by Mr Chris Smith, an opposition Treasury spokesman, which raised questions about the possibility of a lux-ury rate of value added tax whether cuts in defence spending could be the North Sea oil of the 1990s. It was, Mr Kinnock said, a

personal paper written two years ago for discussion, and had not even been seen by members of the economic

But Mr Chris Patten, the Tory party chairman, said the paper showed Labour had a hidden agenda that would

package for its credibility, he claimed, as he and other senior ministers, including Mr Michael Heseltine, the envi-Tories' costings exercise

"bring economic chaos".

ronment secretary, rehearsed the Tory attack on Labour's tax plans. Mr Patten added that the reference in Mr Smith's paper to a costing of Labour's spending programme at £35bn showed that Labour's own estimate tallied with the government's figures. Labour said the figure referred to the

the use of modern manufactur-

ing techniques, skills and training in the engineering sec-tor has been endorsed by the National Economic Develop-

ment Council, writes Andrew Baxter. It is intended as a

response to the sector's more deep-seated problems many of which have been exacerbated

by the recession. The scheme

aim's to bring the industry, its

associations and the govern-

ment behind programmes to

Labour needed a recovery

agreed to certain proposals by the OFT which included hiving off its pipeline division into a separate company as well as cutting its industrial gas mar-ket share from 90 per cent to 40 British Gas stressed that the company's agreement depended on being able to raise depended on being able to raise domestic prices. This would require adjustments to a tough new pricing formula agreed between British Gas and its regulator. But Ofgas, the industry regulator, indicated there was no link at all between the company's agreements on the industrial market and its domestic pricing commitments.

British Gas

faces inquiry

on monopoly

BRITISH GAS could face an investigation by the Monopolies and Mergers Commission

unless it removes the condi-tions it has attached to its agreement last month to halve

its share of the industrial gas

The utility company has until tomorrow to make its position clear to the Office of Fair Trading.

British Gas says it has been a contain proposely has been a contain proposely by

market by 1995.

By Deborah Hargreaves

If British Gas insists on linking the issues the OFT will have no choice but to refer it to the MMC which has indi-toted privately that it is pre-paring for a swift review of the gas industry.

Food retailer offers new contracts on seven-day working

By Lisa Wood, Labour Staff

CONTRACTS that make Sunday part of the normal working week are to be offered by J. Sainsbury, the largest UK food retailer, in spite of union emposition. union opposition.

Usdaw, the shopworkers' union, predicted yesterday that other companies would follow – and that there would be a price war on wages in supermarkets as well as on goods. It called on the government to punish retail groups that breached the 1950 Shops

Sainsbury stressed that the contracts were optional and that Sunday working in its stores would remain volun-tary. It said existing doubletime payments for Sunday working would continue "for the time being", but were under review. The company added that staff who worked on Sundays would always receive a "very significant extra payment".

But Usdaw feared that Sainsbury was trying to follow the example of Woolworth. The union explained that all Woolworth employees taken on since April had been given contracts defining Sunday as a normal working day which did not attract overtime payments.

Woolworth workers employed since April are paid time and a half for Sundays if they work 39 hours during the rest of the week. Workers who were with the company before April are paid double-time for Sundays, irrespective of which other days they work or whether they work Sundays

within a 39-hour week. Woolworth said its workers were paid according to con-tracts which, as in most companies, varied according to job and length of service. It added that many of its workers "are interested in Sunday work". Mr Garfield Davies, Usdaw

general secretary, doubted whether the proposed Sains-bury system would be volun-tary. "Staff will feel that their jobs are at risk and prospects of promotion impaired if they refuse to work on a Sunday, "It has been argued that

only volunteers will be requested to work, but anyone knowing the retail sector will know that there are an enor-mous number of pressures, inducements and coercions that can be made to increase the level of fear and insecurity

among staff."
He had no doubt that other retailers would be unable to ignore developments by Sainsbury. Tesco, for example, has negotiated an agreement with Usdaw for double-time payments for Sunday working.

western world except Finland and was continuing with "an underlying upward trend of about 30,000 a month". The document, intended as

higher than any country in the

briefing for the departmental press office, showed that places on the employment training (ET) programme had fallen from 190,000 in November 1990 to 139,000 in November 1991. While the figures for youth training (YT) places were less precise, there seemed to have been a fall from 350,000 to about 295,000.

. The Department of Employment said that almost all the ment said that almost all the material in the leaked docu-ment was available when the monthly unemployment fig-ures were released, and had wrongly been marked confiden-

Nevertheless, with unem-ployment levels set to continue rising in the coming months, the issue will remain a sensitive one for the Tories even when other economic indicators are more encouraging. To counter this, there will be renewed warnings from Mr Howard about the effect of Labour's policies on jobs.

Lamont rejects calls for fiscal boost to economy By Emma Tucker, Economics Staff MR NORMAN Lamont, the

chancellor of the exchequer, yesterday held out the prospect of a cautious budget, rejecting pleas from the Trades Union Congress (TUC) and the Con-federation of British Industry (CBI) for immediate fiscal boosts to the economy.

At a meeting of the National

Economic Development Council (NEDC) in London Mr Lamont insisted that upsetting the balance of the budget in the medium term would risk a build up of problems for ensuing economic growth.

Reporting on the meeting Mr Walter Eltis, the NEDC's top

offical, quoted the chancellor as saying, "The budget should be balanced in the medium term over the cycle as a whole and we should not start the recovery by getting the budget

Mr John Edmonds, general secretary of the GMB general union said the chancellor's position was in opposition to the TUC and the CBI who, for the first time in a number of years, were in broad agreement over a package of measures to help economic recovery. These included more funds for the Training and Enterprise

Councils, tax concessions as an

invest, and bringing forward government spending on transport infrastructure. The CBI said its proposals could be implemented in the short term without being detrimental in the long term.

Mr Lamont agreed there was

incentive for companies to

need for corporate and pr investment but stressed that the medium term objective of the government had to be tight control of public spending and a balanced budget. He added that the govern-

ment's policies would not have been different had its forecasts on the economy's performance the need for a "nine year recovery" rather than a two year boom that then had to be stopped. It was important for the next expansion to occur against a background of stable prices, exchange rates and inflation, he said. Despite disunity over how to bring about economic recov-

been more accurate. Mr Robin

Leigh-Pemberton, governor of the Bank of England, who also

attended the meeting, stressed

ery, there was agreement that Britain should stay in the ERM with the pound pegged at its current level ● A blueprint for increasing

BRITAIN IN

BRIEF

Inner-city

schools plan

to cost £20m

A £20m three-year scheme to raise educational standards in

inner-city schools has been amounced by the government. Nearly 210m will go on projects to improve reading skills, in which weaknesses were

identified in last year's tests for seven-year-olds. "In the early stages much of the effort

will go on in-service training", said Mr Tim Eggar, the schools minister. "At present there are

fied in this country to train teachers in reading recovery

Corporate plans

UK companies frequently fail

techniques," he added.

not followed

increase awareness throughout the main supply chains of the need for increased skills at all levels, and new manufacturing techniques. jobs have been cut since 1989 but is most alarmed at three compulsory redundancies

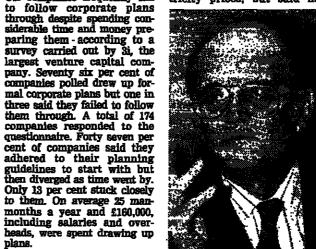
which, it says, are in breach of

MP aims to improve safety Companies which neglect

Companies which neglect workers' safety or damage the environment will face bad publicity if a bill introduced by a Labour MP becomes law. Mr Jeff Rooker said that the bill, due to be debated on January 17, would ensure that companies breaking environmental laws or injuring employees would no longer be able to go on pretending to be "models of social responsibility". Mr Rooker believes that the resultant publicity would enable concerned investors to bring pressure to bear on combring pressure to bear on com-panies failing to meet their

Baker offers price proposals

Mr John Baker, chief executive National Power, (pictured has offered opponents in the row over electricity prices eight constructive proposals which could keep prices down. He defended National Power's pricing before a meeting of the Major Energy Users Council, the group which has been fiercely lobbying for lower elec-tricity prices, but said he



recognised the problems large consumers faced. Large consumers should refuse to subsidise coal through the electricity price, and should be vigilant about the nuclear levy, which typically added 11 per cent to their bills. They should watch how much they were charged by the regional electricity com-panies for using the electricity wires, since rates of return in this business were far higher than anything the generators earned. They should also press for cuts in metering charges, which form a big chunk of their bill, Mr Baker said.

NHS care more than just beds The hospital bed is declining in importance as the central component of state patient care, the Audit Commission

has said.

Until recently, it says, the status of most hospital consultants was judged by the number of beds they controlled. But improvements in primary and community services and and community services and technological advances were reducing the bed to just one of several resources used to pro-vide integrated health care.

The declining number of hospital beds is frequently quoted in political exchanges over the NHS's own state of health and the government which prefers a productivitywhich present a productivity-type measurement based on patients treated per available bed – welcomed the report.

Architects more optimistic

Architects are becoming a lit-tle more optimistic about an increase in workloads for the first time since October 1989. According to a publication by the Royal Institute of British Architects and Carmargue Communications more architects expect an increase in workloads in 1992 than expect a fall. Only architects in the south of England expect work-loads to fall further in the next six months. The most optimistic are in Scotland. Over the past 12 months 41 per cent of new commissions and 36 per cent of projects which have reached the production drawing stage have been abandoned or postponed, while in the north of England, 75 per cent of new commissions have been abandoned or postponed.

Japanese banks outside London Japanese banks in the UK are increasingly behaving like other foreign and British banks in the country, accord ing to research presented to the Institute of British Geographers. By last year there were nine Japanese banks located outside London with 26 employees, compared with 53 in London - the second largest concentration of overseas banks following the US. The banks moved into the regions in response to lower rents, a desire to make contact with cestre to make contact with customers outside London, and to follow the growing impor-tance of regional centres with a strong banking presence. The banks typically said that 50 per cent of their loans went

imes Wheaten

Workers stress levels measured Job stress is at least as high among blue-collar workers as it

to Japanese businesses.

is among executives, the annual occupational psychology conference of the British Psychological Society has been told. An extensive study of stress and sickness absence among both managers and shopfloor workers at the Edin-burgh-based Scottish and Newcastle Breweries proved that job stress was not just a "bosses' disease", said "bosses' disease", said researchers from the Univer-sity of Manchester Institute of Science and Technology. Chemicals to

rise 2% in 1992 UK chemicals manufacttring will grow by 2 per cent during 1992 this year but investment will continue to decline sharply, falling 6 per cent compared with 15 per cent last year, said Mr Richard Freeman, ICI's chief econo-mist Applications mist. Any improvement in output would come after a stag-nant 1991 and, with most of the gain expected in the sec-ond half of the year, is in the with forecasts for much of the with forecasts for much of the with forecasts for much of the rest of UK manufacturing. Demand for chemicals will rise a little faster than GDP, accompanied by a 3½ per cent growth in imports, compared with one per cent in 1991. Export growth would slow slightly from 3½ per cent to 3 per cent, said Mr Freeman at the annual business outlook conference of the UK Chemical Industries Association. The UK's performance will be in line with that of the chemicals line with that of the chemicals industry in the rest of Europe, in spite of a halving of demand for chemicals products in Ger-



Hard times: Ravenscraig steel worker James Slaven contemplates an uncertain future following the closure decision

Ravenscraig seeks life after steel

History shows that investment can save towns from economic death after mill closures, Anthony Moreton and Stewart Dalby report

P EOPLE in Lanarkshire may be shellshocked by yesterday's announcement of the closure of Ravenscraig, but they can take heart from the fact that towns in England and Wales have proved that there is life after

The most recent large clo-sure announced in May, 1990, was the United Engineering Steels Brymbo steelworks in north Wales, throwing 1,125 people out of work.

On the day of the announcement, Dr Gwyn Jones, chairman of the Welsh Development Agency, received a priority call at the agency's Cardiff headquarters from Mr David Hunt, the Welsh Secretary. He asked Dr Jones to lead a search to find a buyer for the plant. In the next eight weeks a small team sifted through all the companies around the world with steel interests that had inquired about investing in Wales, wrote to almost 200 and called on the agency's offices in Japan, South Korea, Taiwan and the US to make an

input.

The result was that six companies visited either Cardiff or Brymbo itself and at least two came near to talking turkey. Eventual failure had more to do with United Engineering's unwillingness to sell the plant and its equipment to a compet-itor at a time of surplus capac-ity around the world.

Two decades ago, steel the development of industrial employed 72,240 people in sites and new factories." wales today that figure is 16,400. In addition to Brymbo, steelmaking at Cardiff, Llanelli, Ebbw Vale and Shotton in north Wales has ended, while employment has been severely cut at both Port Talbot and Llanwern in Newport. The response of the government and the WDA differed according to the circumstances of the times. After British

Steel's closure of the East Moors works in Cardiff in the early 1980s, the government immediately put some £42m into an advance-factory building programme. Around £4m was made available to the then new town of Cwmbran to develop an indus-

trial estate after Llanwern was hit by job losses. At Shotton, where 8,000 lost their jobs overnight in 1979, the largest single plant closure in Europe in 35 years, the Dees-ide industrial park is now home to tenants including Toyota's £150m engine works, Kimberly-Clark, United Paper Mills, and Optical Fibres, and almost as many jobs have been

created as were lost.
Mr Phil Head, chief executive of the WDA, says large government resources were put into alleviating the situa-tion after the run-downs. "Our budgets at the time were sig-nificantly increased. Most of the new money went towards

sites and new factories." One of the most spectacular turnarounds was in Corby, Northamptonshire, which in 1979 had one of the largest integrated steelworks in Europe, employing 14,000 directly and indirectly in a town of 52,000.

The steel mill was closed over 1980. The tube mill lived on employing 7,000 at first, but gradually running down to its current level of 2,000.

r Duncan Hall, for-mer chief executive of Corby district council at the time of the clo-sures, says unemployment in sures, says unemployment in the town was 35.7 per cent by 1983, the highest in the UK out-side Northern Ireland. "By 1988 we had got it down to 3.9 per cent." Unemployment is back up to 7.9 per cent but over 400 s have been drawn in, most of which have stayed and

survived. Consett is a similar story. This town of 24,000 in County Durham close to Newcastle was a "one industry town" based on steel. When the inter-

based on steel. When the intergated works began to close over 1979-80, some 3,500 people were employed, down from 7,000 in the early 1970s. Unemployment peaked at 28 per cent in 1988.

As with Corby, companies in class with a technology. electronics, bio-technology, food processing and other areas were drawn in using a battery of assistance and

incentives. Unemployment is now back to 14 per cent having dipped into single figures in the 'eightles.

But the 190 companies, foreign and British which have relocated or established them-selves in Derwentside (which includes Stanley, the coal town, as well as Consett) have all stayed. Some 5,000 jobs more than were employed in steel have been created. Mr Eddie Hutchinson of the Derwentside Industrial Development Agency says: "I do not know of one single company

To attract them in there has been government assistance on the infrastructure - particularly roads - assistance that was aug-mented by the European Regional Development Fund.
Both areas were designated full assisted areas and companies were therefore eligible for regional development grants, which have been regional development.

which have been scaled down to regional selective assistance There has been substantial aid available from British Steel Industry, set up in the 1970s to help new concerns in old steel areas, and in some cases from British Coal. Specialised agencies like English Estates have built cheap factories. There have also been loans

from the European Steel and Coal Community Fund. Tory election hopes in Scot-land, Page 10: Leader, Page 10: Lex, Page 12

TSB faces staff action on jobs

Rise in HP to

buy used cars

The number of used cars

bought on hire purchase (HP) -almost wholly by private motorists - rose by more than

9 per cent last month com-pared with December 1990. The recovery, after a pro-longed drop during the anuma, lifted total credit pur-

chases of used cars reported to HPI, the credit information

agency, last year to 917,116 - a 1.4 per cent increase on 1990. Statistics on new car credit

sales last year, to be published later this month, are expected to show a sharper reduction

than the new car market itself, reflecting a smaller share of total new car sales accounted for by private motorists.

The Trustee Savings Bank (TSB) faces selective industrial action over three compulsory redundancies. The Banking Insurance and Finance Union has released results of a ballot on industrial action among its TSB members showing 4,895 in favour and 2,100 against out of a total membership of nearly 20,000. TSB union officials will meet today to decide how to proceed and are expected to recommend selective strikes at branches all over the country. The union says nearly 4,000

Courts found guilty of handing out rough justice

By Andrew Jack in Swansea

CRIME doesn't pay, but it costs a lot less in Newport, Isle of Wight, on the English south

Getting caught red-handed committing a crime in the town, close to the notorious Parkhurst Prison, is much less likely to lead to a spell inside than in most other places in England and Wales.

Research published yesterday reveals that certain towns consistently find defendants guilty while others, such as Newport, York, Taunton,

Exeter and Southampton, are much "softer" and acquit more

The town to avoid is Mold, Wales, followed by Caernarvon and Chester, where defendants are more likely to end up detained at Her Majesty's pleasure after appearing in a crown

The findings came in a detailed analysis of decisions against bailed and remanded defendants at 62 crown courts excluding London and the south east during 1987-90, presented at the Institute of British Geographers' Conference in wansea, Wales, yesterday. Mr Paul Robertshaw, a lec-

turer at Cardiff Law School in the Welsh capital, was unable to explain the variations, but said judges in "softer" areas tended to dismiss many cases before they came before juries, while those in more authoritarian areas pushed most cases to

Research he is conducting on a smaller sample of courts anneared to show a tendency for areas with strong Labour majorities to be lenient, while those under Conservative control were generally tougher. He has not conducted research into how the patterns vary depending on the crimes committed, but did find strong differences in an early study on the courts in Scotland, where the Lothian Region was much tougher on drug crime verdicts than in neighbouring Strathclyde.

Mr Robertshaw admitted that publishing the informa-

there is that risk," he said.
"But there is a lot to be said in the public interest about researching these variations." The proportion of balled defendants acquitted by juries ranged between 16 per cent and 50 per cent. The figures for judges issuing discharges before trials commenced or acquittals during trials ranged from less then 5 per cent to

more than 50 per cent.

tion might encourage criminals

to travel to "softer" areas.

With the motorway I think

TECHNOLOGY

Electric vehicles gain momentum

By John Griffiths

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A prototype of the electric air pollution problems.

Car that BMW intends

To sell in the US in the and Japanese manufa n heritalist second by second half of the 1990s is on display at the Los Angeles motor show which opened to the public this week.

It represents one of several developments on the electric car front in the past few weeks, with more manufacturers indicating their interest in commercial production of such vehicles despite their formida-ble cost and performance dis-

advantages compared with pet-rol or desel cars.

They are being spurred by the accelerating momentum in North America towards wide North America towards which adoption of Californian clean air standards. These require that from 1998 zero emissions vehicles (Zev), in other words electric ones, make up 2 per cent of the sales of every manufacturer selling more than 35,000 cars in the state, rising to at least 10 per cent of annual

sales from 2003.

Manufacturers which do not comply will be barred from selling any cars in the state. In California alone, this means a forecast of 35,000 Zev sales in 1998, rising to more than 150,000 a year from 2003. However, a further 12 states, plus Washington DC, have now indicated their intention to adopt the California standards, which would mean 110,000 Zev sales in 1998 and more than

Despite the fact that General Motors is already preparing a plant to produce the Impact, which GM intends to be the first electric car in volume pro-function; GM, Ford and Chrys-ler collectively insist that other But along with European and Japanese manufacturers seeking to maintain a presence in North America, they want vehicles ready to put on the market if California's standards spread throughout North

America and into Europe. In the past few weeks Fiat has indicated its intention to produce an electric version of the Cinquecento, its new small car, and Citroen of France has unveiled a prototype electric town car, the Citela.

Earlier this week Ford said that within a year it would have a fleet of 80 Ford Ecostar electric vans running commer-cial trials in several US and European cities some. The BMW at Los Angeles

designated E2, strongly resem-bles an earlier prototype, E1, unveiled at the Frankfurt motor show in September. However, it has been "stretched" to accommodate a bigger battery pack for long distances and to provide extra interior room for the Califor-nians who initially will buy it. Styled by Los Angeles-based Designworks, of which BMW is part owner, the E2 is claimed by BMW to have a maximum range of 267 miles; acceleration to 50mph in 15.6 seconds and a

The batteries are high-energy sodium-sulphur. Problems include an eight-hour recharging time and a battery cost of around DM40,000 (£14,000).

Citroën's model, the Citela, is a city car with a recyclable body. Citroën claims a range of up to 130 miles, a top speed of up to 70mph, and a quick recharge facility - of one min-

top speed of 75mph.



BMW's E2 prototype is headed for California

an Sematech, the controversiai US government-funded chin makers' consortium live up to its promise to "re-es-tablish American pre-eminence in semiconductor manufactur-

ing technology"?
As Sematech leaders seek support for a second five-year phase of operations, the achievements of the research consortium are coming under closer scrutiny in both industry and government circles.

Sematech is also being closely watched as an experiment in precompetitive, generic research and development that may provide an important model for other sec-tors of the US manufacturing industry struggling to maintain or reassert their interna-tional competitiveness.

This week's withdrawal of one of Sematech's founding member companies, LSI Logic has raised new questions about tive ventures among compa-nies with differing technology and financial objectives.

To date, it has been difficult to assess Sematech's achieve-ments. Many of the consor-tium's research projects have been shrouded in what the group's executives acknowledge has been "excessive secrecy" aimed at maintaining maximum competitive advantage for member companies.

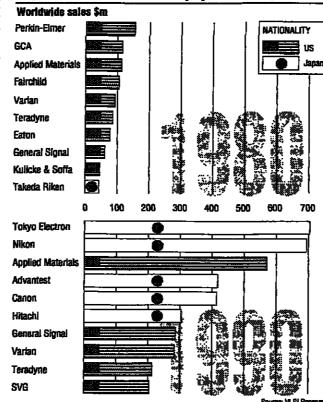
But now Sematech is boasting about its achievements and has recently published a summary of the results of some of its research projects. "By the end of 1992 we will have achieved parity with our [Japa-nese] competitors," claims Wil-liam Spencer, Sematech president and chief executive.

By the end of 1992 Sematech expects to show that it can make integrated circuits with features measuring just 0.35 microns (millionths of a metre) in width, about half the size of today's most advanced devices. This will put Sematech on a par with leading Japanese chip More significant is that

Sematech aims to achieve this advance in chip process production technology using all American-built equipment. When Sematech was formed, in 1987, its member companies expected to purchase less than 40 per cent of their production equipment for the next generation of "sub-micron" chips from American suppliers. Actual purchases by US chip makers now average over 70 per cent American-made. For Sematech this is one of the most important measures of its success to date. Although Louise Kehoe assesses Sematech's ambitious five-year plan

Growing pains

Top ten semiconductor equipment suppliers



the consortium originally planned to focus on the production process rather than the manufacturing of equipment, the emphasis changed. Well over half of Sematech's

dget has been dedicated to R&D contracts with US semiconductor equipment companies to create new equipment or to improve the performance of existing products. Sematech highlights, for

example, its work with GCA, a US manufacturer of photoli-thography equipment, that had seen its market share dwindle in the late 1980s. GCA's latest lithography equipment matches the performance of the best that Japanese companies can offer.

Not all of Sematech's member companies were pleased with the shift of emphasis. Preserving the US equipment industry is a laudable goal, but it was not Sematech's charter,

Source: VLS/ Resea

complains Wilfred Corrigan, chairman of LSI Logic. Sematech has prepared a lengthy summary of its technical accomplishments, detailing improvements in the performance of US-built semiconductor production equipment as well as programs designed to standardise equipment testing and establish standards for equipment interfaces.

But Sematech's most important achievements, according to industry executives, are intangible changes in the relationships between US chip makers and production equip-ment suppliers – from adversaries to partners.

Sematech cannot prove that it is responsible for an improvement in the competitiveness of the US chip industry or of US try, or of US production equip-ment suppliers. While both segments of the industry have achieved some success in world markets, these results can be explained by external factors.

US chip makers, for example, reversed their declining share of the world semiconductor market in 1991. This is largely explained, however, by a sharp decline in the price of memory chips made in Japan. Similarly, some US semiconductor equipment producers have increased their foreign sales, but might well have done so without Sematech's support, according to industry analysts

Under pressure to establish its value in order to obtain continued funding, Sematech may be "sugar coating" its record glossing over the difficulties of maintaining a consensus among companies with differ-

ing goals and expectations. Sematech might do better to admit that it is only now get ting into its stride. Although the industry group was incor-porated in August 1987 it was almost another year before the appointment of Robert Noyce

Only in early 1989 dld Sematech begin operation of its prototype chip plant in Austin After a significant re-evalua-tion of the direction of Semathe second half of 1989 but was still beset by concerns over federal funding.

The sudden death of Noyce in mid-1990 left Sematech bereft of a leader. William Spencer, the current chief exec-utive, has had only one year at the helm. Thus while Sematech is being judged as a five-year old it is really little more than a toddler, still wobbly on its feet but determined to prove its abilities.

Sematech's plans for the next five years are just as ambitious as those mapped out for its first. They include the development of computer-integrated manufacturing software for automated chip plants and a new emphasis on flexible manufacturing.

Sematech aims to accelerate the development of new gener ations of semiconductor technology by 25 per cent. "Sematech's proposals are without precedent," Spencer claims, "but five years ago Sematech was without precedent."

Breast implant ban would cost £400m

By Clive Cookson

f the US Food and Drug Administration converts its moratorium on the use of silicone breast implants to a permanent ban, it will destroy a medical industry with a worldwide turnover estimated at £400m a year.

Breast enlargement and reconstruction is one of the largest categories of cosmetic surgery. In the US at least 10,000 women a month receive breast implants - about 80 per cent are cosmetic operations and the remainder are to replace diseased breasts, usu-

ally after cancer.

The UK has 500 implant operations a month, half for cosmetic and half for medical reasons. The operation typi-cally costs £2,500 for a private patient. Most of this is to cover surgical and hospital fees. A pair of implants costs around 2400, says Jim Bolland, Euro-pean clinical affairs manager for Dow Corning, the world's largest mammary implant

manufacturer.

Dow Corning, a US company owned jointly by Dow Chemi-cal and Corning Glass, suspended shipments world-wide following this week's FDA decision to stop the use of silicone implants while an expert panel assesses evidence about their safety. The implants have been linked par-ticularly to diseases of the immune system such as sclero-derma, which causes hardening of the skin and stiffening of

Most plastic surgeons in the UK have expressed dismay at the FDA action, which they say is not justified by the very small incidence of side-effects among more than 2m women worldwide who have had sili-cone implants over the last 30 years. Many agreed with Gus McGrouther, professor of plas-tic surgery at University Col-lege Hospital, London, who accused the FDA of scaremongering and creating an unnecessary "wave of international panic" among women who have received implants.

"I shall carry on operating for as long as I can obtain the implants," says David Sharpe. consultant plastic surgeon at St Luke's Hospital, Bradford. He still has stocks of American implants and if they cannot be replenished he hopes to get replacements from Europe.

Most implants today are filled with silicone gel, which has the right amount of chemical cross-linking to mimic the consistency of natural breast tissue. The old type of "saline" implant, filled with a solution 15 per cent of the UK market. Saline implants are not

included in the FDA moratorium but they suffer from sev eral disadvantages. Sharpe says. They feel less natural than silicone and are more lia-

ble to leak or collapse.
Unfortunately the original smooth-surface silicone implants often cause "capsular contraction". This occurs when a hard layer of collagen (fibrous protein) forms around the device.

One solution was to coat the silicone with polyurethane. Surgitek, a subsidiary of Bristol-Myers Squibb, the US phar maceutical group, pioneered polyurethane-coated implants during the 1980s. They were popular with surgeons and patients but were withdrawn from the market last year after the FDA expressed concern that the coating could release carcinogenic chemicals into

Plastic surgeons now favour implants with a "textured" silicone surface which are less liable to cause capsular contrac-tion that the original smooth

As an alternative to an artifi-cial implant, it is possible to enlarge the breasts of some patients by transplanting fat and muscle from their own buttocks or abdomen. But this is a potentially complex and hazardous operation and it could not be used on such as

wide scale as silicone implants Whatever one's views on the merits of purely cosmetic breast enlargement (or aug-mentation as it is known in the trade), breast reconstruction has become a medical necessity for women forced to undergo mastectomy following cancer, Sharpe says. And the prospect of having their breasts replaced helps patients come to terms with the dis-ease. An unfortunate side-effect of the FDA scare has been to frighten companies such as Bristol-Myers out of implant manufacturing, instead of developing new and safer

BUSINESS LAW

The drive to greater efficiency

By James Wheaton and Graham Smith

HOWLS OF anguish often ciency, cut costs and improve greet the announcement of the award of a government con-tract. If it goes to foreign competition, British industry claims it is being put at risk, if it goes to a British company foreign competitors claim it es the cost to the Brit-

ish taxpayer. The most spectacular stances usually occur in the defence sector. Recent examples include the award to Vickers of the contract for the Army's main battle tank, the Challenger II against strong US competition; and the success of the IRM-Westland consortium for the Navy's Merlin Helioph Asymptotic Over GEC and British Asymptotic

Up to now, companies seeklobbied ministers, civil servants and MPs, and tried to get their case well aired in the press. But apart from looking at the fine print in the invitations to tender and the con-tract, their lawyers have been able to offer little assistance.

This has now changed. The EC Public Procurement Directives have been given real teeth in the UK. Companies which can show that rules in the Directives have been brothe larectives have been pro-ken can now go to the High Court and ask for an injunc-tion to stop the contract being awarded. If the contract has already been awarded, they

can claim damages.
This is the effect of two Statutory Instruments, The Public Works Contracts Regulations 1991 and The Public Supply Contracts Regulations 1991 which came into force on December 21 last year. The main reason for the EC

Directives is the long-standing concern of the European Com-mission in Brussels about national governments buying Public sector procurement

expenditure in the EC is enor-mous, amounting to about 15 per cent of the sum of the EC countries' GDP. Only a tiny fraction has been awarded by national public sector purchasers to companies from other EC countries. One estimate is that every consumer in the EC would be £215 better off every year if open procurement rules were followed by the utilities - water, energy, transport and telecommunications - alone.

But there are other reasons for the Directives apart from helping to create the single market. The EC Commission argues that open competition would lead to greater effithe international competitive-ness of EC industries. The policy of the UK govern-

ment is to support the direc-tives. Speaking in June on competition policy as the main incentive to efficiency, Mr Peter Lilley, trade and industry secretary, warned: "We will not see the benefits from the single market programme until we dismantle restrictive national purchasing policies."
The US has had legislation
to compel competition in government contracting for many years and "bld protest litiga-tion" is common in America. Contractors can protest to a number of tribunals, including the General Accounting Office, and the General Services Board of Contract Appeals, which have to render decisions in no more than 90 and 45

are limits on the use which contracting authorities can make of "restricted proce-dures" (whereby only those invited by the authority may submit tenders) and "negotiated procedures" (whereby the authority negotiates only with the contractors or suppliers of its choice). Contracts must be awarded

either to the offer with the lowest price or to the offer which is "the most economically advantageous" to the contract-ing authority; the authority must select at the outset which basis it will use. Criteria for determing "the most economically advantageous" offer are laid down.

Contracting authorities must give information about contract awards including, in some cases, reasons for rejecting unsuccessful tenders. Minor contracts are

It remains to be seen whether claims could be made for loss of opportunity and profits

During last year, protesters obtained relief before the GSBCA in some 111 cases - 42 per cent of cases filed.
In the UK the two new regu-

working days respectively.

lations give important rights to contractors and suppliers. The court may grant an interim order suspending the contract award procedure, and, if it is satisfied that there is a breach of the duty to comply with the regulations, it may set aside any decision of the contract awarding authority (unless the contract has been entered into) or award damages, or do both.

There is no limit on the smount of damages which may be awarded. Clearly the costs of preparing an unsuccessful tender could be claimed. For a big project, these may be very substantial. It remains to be seen whether the courts will entertain claims for loss of opportunity and profits.

The rules are complex, and differ between contracts for the supply of goods and those for works, such as building or

engineering works. Contracts must be publicly advertised in the EC "Official Journal". Large purchasers will have to give advance notice of their purchasing plans for a year ahead. Dis-criminatory technical specifications are prohibited.

Rules are laid down for contract award procedures. Preference is given to "open procesuppliers can tender, and there

excluded. The rules do not apply to contracts for public works with an estimated value of less than Ecu5m, or to supply contracts below Ecu200,000 (there is a lower threshold for those central government pur-chasing authorities which are subject to the Gatt Agreement

on Government Procurement). The rules do not apply only to central government depart-ments, but also to many other public bodies such as local authorities, police, fire, education and health authorities. From January 1, 1993, the rules will be extended in most EC member states to the utilities. Even though companies

operating in these sectors may not be state owned, they will still be caught if they operate on the basis of "special or exclusive rights". The rules will therefore apply, for example, to the UK electricity companies, water companies, British Gas, BAA, British Telecom, Mercury and Racal Vodafone. In due course the rules will also extend to contracts for ser-

vices as well as for works and supplies.
The new UK regulations implement the so-called "review directive" adopted by the EC Council in 1989, which required implementation by December 1, 1991. The UK is one of the first member states

to do this. France has introduced a bill, but it has not yet been enacted. In Germany the legislative pro-

completed until the end of 1992. There has been criticism that the UK is opening its doors before the others. However, other procedures (under which a number of cases have been hears in the European Court) may still give a remedy, although these involve the Commission bringing an action against a member state and have not been very effective.

cedure is not expected to be

ment last November, the European Court of Justice held that member state which has failed to implement a directive can be sued for damages. So will there be a flood of litigation? Only time will tell, but the stakes are high Although duty to comply with the rules is owed only to con-tractors and suppliers which

are nationals of and established in a member state, there are many European subsidiaries of US companies which will qualify under these criteria and whose executives will have had experience of exercising their rights in the US under the rules there

There is one notable exception in the rules - they do not apply to "arms, munitions and list drawn up by the EC Com-mission under Article 223 of the Rome Treaty.

Many of the biggest government contracts will not, there-

fore, be covered by these new rules. In a recent speech, Sir Leon Brittan, EC competition commissioner, expressed dis-satisfaction at this: "It has meant, in practice, that the bulk of European defence orders are still filled by highly protected, high cost, national producers ... It has led to grotesque distortions too in the sub-contracting field, because companies making defence related bids across national frontiers have to devise so-called 'off-setting' contracts in the customers' market". Sir Leon recorded that the

repeal of Article 223. In the meantime, it will be looking closely at any devices to pro-tect so-called "dual use" pro-duction with primarily civil applications. The Commission is showing considerable determination to impose a strict public procurement regime, and can be expected to continue to press for it to be extended also to all defence

contracts. The authors are partners in the London and Brussels offices of City solicitors Clifford Chance.

TWO MAJOR FT INTERNATIONAL CONFERENCES

ABLE TELEVISION & SATELLITE BROADCASTING London, 17 & 18 February, 1992

This Financial Times annual conference will review the international world of broadcasting and the media — a growth industry for the 1990s; the fallout from the competitive tenders for ITV franchises and the new business opportunities that will arise.

Speakers include:

Mr David Glencross Independent Television Commission

Mr Jean Grenier

Mr Yegor Yakovlev State Company for Television and Radio Broadcasting, USSR

Mr Michael Checkland

Mr Michael Grade Channel Four Television Company Limited Mr Jean Dondelinger

Mr Terry Seddon Asia Satellite Telecommunications Co Ltd.

Mr Gérard Le Febvre

CLT Multi Media

Mr Leslie Hill Central Independent Television pla

Mr Christopher Rowley FiveTV Limited

ELEVISION OF TOMORROW London, 19 February, 1992

This one-day conference will review television systems of the future including prospects for all-digital HDTV; the global standards debate, the pros and cons of different systems.

Speakers include: Dr Joan Majó

EEC Dr Takashi Fujio Matsushita Electric Industrial Co, Ltd Mr Andrew Lippman

Dr Peter J Groenenboom Philips Consumer Electronics

Dr Joseph Flaherty

Dr Michael Windram National Transcommunications Ltd

TWO FINANCIAL TIMES CONFERENCES **NEW MEDIA MARKETS**

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"For 300 years, Latour has been a benchmark of quality. Its reputation enhances our entire drinks portfolio. It spells out Allied's long-term commit-ment to international premium brands. It is the jewel in the

It was for its prestige rather than its profitability that Allied acquired Latour in 1988, paying £58m to add the 53 per cent shareholding of Pearson, publishers of the Financial Times, to the 25 per cent it already owned. It has since increased its stake to 95 per

Jackaman admits that such an investment would have been difficult to justify on a more basic calculation of return on capital. Despite the fact that a dozen bottles of Latour's 1961 vintage would fetch about 25,000, the Médoc estate - whose value has now risen to about £160m – makes annual profits of only £5m.

The prime objective in managing the brand, therefore, is to maintain and improve its reputation for excellence; to ensure that it retains its place alongside, if not ahead of, its rival first-growths, Chateau Lafite, Chateau Margaux, and Chateau Haut-Brion.

Financial returns are readily sacrificed to maintain the quality of the wine, says David Ort. viously ran Allied's fine wine

Bouquets that are not to be sniffed at

Philip Rawstorne visits Chateau Latour, where prestige has a higher priority than profitability

Grapes for the grand vin come only from vines grown in the 100 acres of gravelly soil that comprised the original 700-years-old estate overlookterroir - the French word that encompasses the area's soil, sub-soil, drainage, aspect and micro-climate – which gives the wine its singular, slow-ma-

turing savour.
Only the grapes from vines that are more than 10 years old are used and fruiting is restrained to improve quality by severe pruning and by thin-ning the bunches of green

grapes in July.

Selective picking at harvest time ensures that any grapes judged unfit for the grand vin are used with fruit from younger vines and those in the outlying areas of the estate to make a second wine. Les Forts de Latour, and sometimes a third, classed simply as Pauillac. Les Forts fetche price of the grand vin and Pauillac, half the price of Les Forts. Rigorous control of quality continues during fermenta-tion – in the first stainless steel vats to be used in the Médoc – and afterwards in the blending. The result is that, even in the best of years, Latour produces no more than



after the vintage while it is beginning its maturation in

is like selling a future," says Orr. "The wine will not be ready for drinking for 20 years. offered takes account of the

The price at which it is in the main markets, the UK ffered takes account of the and US. The 1990 vintage was

bottle. "We try to lead the market in a responsible way," Orr says. "The health of the entire Bordeaux business is important to us."

There is no difficulty in finding buyers. The spread of inter-national markets, from Austria to Japan, helps to offset any problems in any one country. "The key for a first growth," says Orr, "is not in selling but

in selling well".

Allied has only limited control over marketing and distri-bution because of the French government's concern that it should not by-pass the long-es-tablished channels through

Bordeaux merchants. But it has modified the process. It retains 15-20 per cent of the vintage each year, building stocks that can be sold in years, say, when frost cuts pro-duction, as in 1991. The wine is sold to only half

of the 120 Bordeaux negociants; the amounts allotted to individual merchants are limited; and the chateau sells direct to a number of wine importers. Though Latour's claims as one of the world's great wines were first proclaimed in the

UK in advertisements in the early 1700s, the chateau no longer advertises its product. Its reputation is fostered discreetly and conservatively, but places - the best restaurants, Oxbridge colleges, London clubs," Orr says. It is sold direct to the Elysée palace and the British embassy in Paris and was served at the recent G7 dinner for Mikhail Gorig-

chev in London. One exclusive tasting is arranged in Britain each year. arranged in bittain sear year, and last year 324 magnums of vintages ranging from 1961 to 1988, worth \$250,000, were tastefully presented at a New

York gathering of wine buffs.
"It is important to talk to the top wine merchants and importers, to wine writers and collectors," Orr says. "There are perhaps 50 to 75 collectors. around the world; a network of connoisseurs which monitors the progress of first growths as closely as others follow stocks and shares, but who buy the best wines to drink and not as

It is a very small world but

"It is a very small work! but its opinions are vital to the wider perception of Latour."

An almost obsessive attention to detail – from the alignment of the chateau's tower symbol on the cork with that on the label of each bottle, to the arrangement of flowers in the chateau itself – goes into ensuring that nothing detracts

from that perception.
"We are very conscious of
Latour's historical heritage," Orr declares. "It is the product of centuries of intensive cultivation and it is our task, as the latest in a long line of wine makers, to ensure that it passes to the next generation with its prestige higher than

he UK Advertising Stan-dards Authority (ASA) has extended its reach into one of the fastest growing areas of advertising, that of direct market-ing, one of the industry's most important, most heavily criticised

Advertising expenditure on direct mail - the cornerstone of direct marketing – grew by 29 per cent in 1990, reaching some £979m (out of a total of about £1.86bn on Il forms of direct marketing in the UK), a year when other forms of advertising were static. According to Mintel, the research organisation, the turnover of the UK's top 35 direct mail agencies grew by a

healthy 17 per cent in 1990. But in the UK, direct mail has acquired a poor image thanks to a few unscruptious operators, particularly in holiday timeshares. Now the ASA has the power to offer redress against direct mail scams. It formally launches its new code of practice covering the industry, including list and database man-

Rules posted for the junk mail merchants

Gary Mead investigates a new code of practice which aims to bring the cowboys to heel

agement,* on January 28; the code came into force on January 1. The new rules have a scale of sanctions against infringements, ranging from loss of the volume discount offered by the Royal Mail to refer-

ral to the Office of Fair Trading.

The new regulations, devised by
the direct mail committee of the Advertising Association, have the backing of the UK Direct Marketing Association (UKDMA) — umbrella organisation for the leading companies in the industry — and the

Alan Bigg, chairman of Brann Direct, one of the UK's six largest direct mail agencies, believes that "taking direct marketing under the wing of the ASA will be excellent for both the industry and the consamer. All the consumer research shows that people are happy to receive information from companies when they either know the company or how the company btained their details. What annoys them is mail which spuriously claims an intimacy."

Consumers who do not wish to receive direct mail are best advised to have themselves listed on the Mailing Preference Service, which should ensure they are removed from the commercially available database lists.

The average UK household annually receives some 40 pieces of direct mail through its letterbox against a US average of more than 500 items - but less than 10 per cent of that is requested by the

customer. Nevertbeless, once it has arrived, 61 per cent of it is opened

Yet despite its pejorative conno-tations — junk mail — in 1991 more than 60 per cent of the UK population either bought goods through direct mail or replied to a direct response advartisement. direct response advertisement.

That score rate, say direct marketeers, means that direct mail can claim to be effective beyone other forms of advertising. They love to quote - in their favour -Lord Leverhulme's remark that "I know that half of my advertising budget is wasted. The only trouble is I don't know which half". He should have used the mail.

But while the UK adopts greater self-regulation of the direct market-

ing industry, the EC is moving in the opposite direction. According to Tony Coad of NDL, the UK database company, and public affairs spokes-man for the Brussels-based European Direct Marketing Association, the current draft on data protection might cripple the industry in the UK and other member states.

Coad says that until mid-1990, the European Commission appeared to be following a prag-matic line on harmonisation of leg-islation concerning direct marketing. DG-13, the directorate responsible for communications, had been preparing a draft law based on the relatively relaxed recommendation adopted by the Council of Europe in October, 1985, concerning the protection of personal data used for the purposes of direct marketing.
"Then DG-3, the directorate con-

cerned with the single market, took over," says Coad. An all-German team in DG-3 drafted legislation closely resembling that prevailing in Germany, restricting the compiin Germany, restricting the compl-lation of any personal data and thus drastically reducing the possi-bility for targeting consumers. Were that to become EC law, manu-facturers, financial services compa-nies, charities, atrlines and politi-cal parties could all find themselves havegroung in their conthemselves hamstrung in their con-tact with the public.

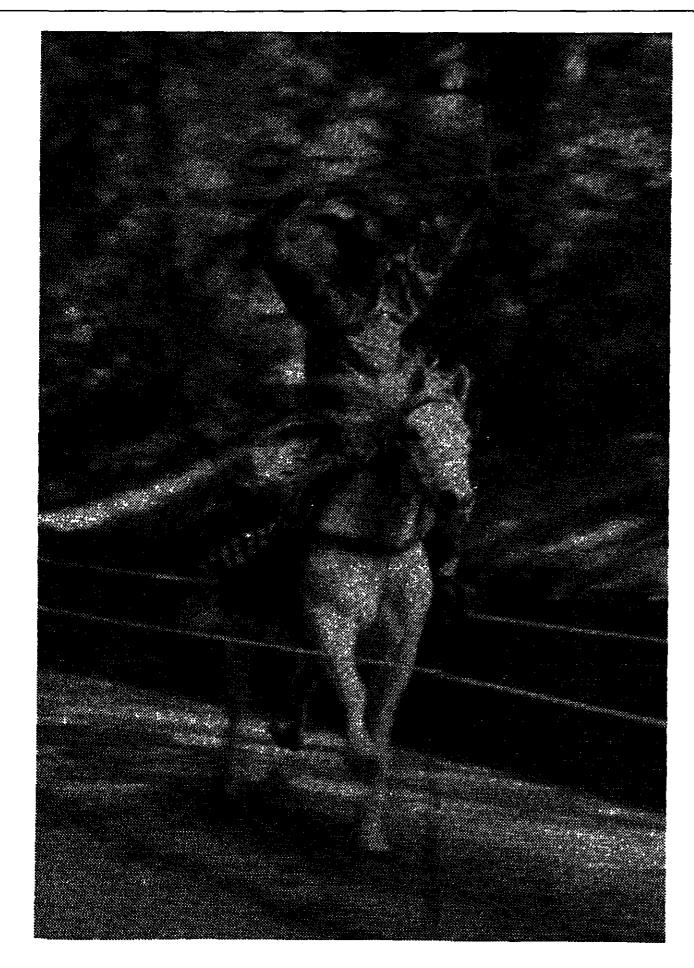
Coad sees the muddle partly as a result of cultural and historical differences between EC member states. "Understandably, German

society, which spends most on direct mail in Europe, is very con-cerned about data protection. The Stasi used to advertise for male penfriends in the west, simply to collect data. Yet Italy, the number of the pending spense to have no mail. two spender, seems to have no pul-lic demand for a data protection act. Different cultures need differ-

act. Different cultures need different forms of protection."

"Chris Patten, the Conservative party chairman, wrote to me asing for financial support. He would not be able to do that if the current EC data protection draft becames law, as he would not even be able to approach me to ask if he centil solicit my support," says Coad. He adds that "DG-13 now seems to be back in the frame and unscrambling the mess", but that it now looks unlikely that the draft will be ready for the European parliaready for the European parlia-ment's approval before the end of

*Rules for direct marketing; available free from the ASA, 12 Brook. House, 2-16 Torrington Place, Landon WC1E 7HN.



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history makes mythology from its recent past in American cinema prohibitionera gangsters rear up at us as if they were intelleptockered Borgius and a support of the more proposed in the more pushed to his death off a boat, a fire inspector battered to death, Billy himself given a bloody nose to camou-

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antekerbockered Borgies and a crumbiling early century department store can seem as romante haunted as a castle. The films are Billy Bathgate and Liebestraum. You never saw such attempts to make 60 years ago look like 600. In Billy Bathgate, scripted by Tom Stoppard from R.L. Doctorow's novel about moister Dutch Schultz, director Robert Benton by on the peeling posters ton lays on the peeling posters and dingy-floral wallpaper. His-tory is already antiquing his characters as they live and speak. And in *Leebestruum*, an essay in American Gotine from Britain's Mike Figgis (Stormy Monday, Internal Affairs), the old high-street store in Elderstown has seen more terrors and tragedies than the Palace of Versailles under a string of

Louis's.
The problem with glamorising the past is that when a film is underenergised mythologis-stion". becomes "museumisa-tion". Billy Bathgate is like a story in a glass case. Where Doctorow's tour-de-force novel was a a nervy, ironised memoir of the gangster era, narrated in a precipitate pastiche of fine writing by the boy hero who joins the Schultz gang and wit-nesses_its terrors, Benton's film_is like a costume try-out by actors waiting for a script. Worst casualty is Dustin Hoff-man as Dutch. Tuzedo'd to the nines, he struts and frets in his period strait-jacket, seeking the key of life to a character whom his director has already

flage the murder-stains on a hotel carpet - here become picture-book pages from his-tory. Nothing touches us: least of all Loren Dean's performance as Billy, all bland generic innocence with no sense of shocked individuality

or scarring insights. Everything, one suspects, was wrong about this project from the start. It was produced by Disney, whose first instinct with the past is to turn it into a theme park. It was written by the cerebral Stoppard when it needed a scenarist of the visit needed a scenarist of the vis-ceral. And it was directed by Benton, whose best films from Bonnie And Clyde (screenplay) to Kramer Vs Kramer and Places Of The Heart have dealt with plain folk quirkily thrown into crisis. Nothing is plain about the folk in Billy Bath-gate: stunted, horrifically medi-ocre, the blind leading the ocre, the blind leading the

blinded.

Liebestraum has more life, but it is hard to define that life. In a Mike Figgis film the visual background is a stroboscopic tapestry - shifting shadows and blobs or shards of light and the "music", composed by himself, consists of brooding electronic hums and throbs. If Antonioni had ever been hit over the head and brought to Hollywood to make thrillers, he might have made Liebes-

He would certainly be on a wavelength with its plot. Architectural writer Nick crouched in hiding, ready to (Kevin Anderson), visiting Eld-

BILLY BATHGATE Robert Benton

> LIEBESTRAUM Mike Figgis

MERCI LA VIE Bertrand Blier

THE BRIDGE Syd Macartney

erstown, runs into ex-schoolproperty developer who is demolishing the historic iron-frame Raiston Department Store, the "missing link in American architecture." Paul's wife (Pamela Gidley) completes the edgy love triangle and shadows from the past rise up or spill advice from hospital deathbeds (Kim Novak as

For half an hour we might be watching La Notte done as a Hollywood no-brainer. But even as the plot thickens and the daftnesses grow - spooky mannequins in the midnight store, the town freak revealed as the town's heir-to-power, a scene in a brothel that makes Twin Peaks look like Pol-lyanna - Liebestraum casts its bizarre spell. As in *Internal*Affairs, Figgis dives into the dark spaces between dialogue secrets of silent cinema, when images spoke more than words. And unlike Billy Bathgate, where the past becomes a mau-soleum for the narrative, the past here is a hunting ground for guilts and mysteries, where

an called

Bertrand Blier's Merci La Vie begins as a shock-therapy British cinema can be such a black comedy in the style of his Tenue De Soirée. A girl in a bride's dress (Anouk Grinberg) is kicked to the ground by a man who then drives off; another giri (Charlotte Gains-bourg) picks her up and befriends her; soon they are both picking up men and seducing them as if on a twowoman campaign to reverse the hunter-and-hunted roles in

human sexuality.

Grinberg, it transpires is a VD-carrier out to fell men with disease under the guidance of Dr Gerard Depardieu, a mad medico keen to increase his work-load. A film whose open-ing imagery evoked Truffaut's The Bride Wore Black shades into something more brutal and modernist: The Bride Brought Clap, directed by Blier as if he were pushing us through life's emergency wards on a runaway trolley.

Indeed we soon freewheel into total confusion. As if the screen were not already alternating between colour and monochrome for no known reason, the film begins to hop between decades. We are in the present; we are in Nazi-occupied France. Mile Gainsbourg is alive today; she is alive at the same age 50 years ago ("Is this what they call a flash-back?" she asks). Jean-Louis Trintignant and Michel Blanc pop up in cameos. Miss Grin-berg levitates after sex. And there are Pirandellian games with a camera crew on the obit's-all-only-an-illusion model. By the close of what began as a sly comedy of sexual subver-sion, we feel we have strayed

contrast to these deliriums. The Bridge, shot with the gilded buttery glow of a TV commercial, speculates on what happened to the impres-Steer (David O'Hara) during the summer of 1887. At the end of his hols on the Suffolk coast he painted "The Bridge", a shimmering picture of a young woman with her back to us talking to a gaunt man on a wooden bridge near the sea.

The artist fell in love with Saskia Reeves is what hap-pened, according to director Syd Macartney and screen-writer Adrian Hodge, adapting Maggie Hemingway's novel. And Miss Reeves, loving him back, fought with her con-science and her husband (Anthony Higgins). We the audience drowse through two hours of genteel, tinkly romance while the flower of British character acting - Joss Ackland, Rosemary Harris, Geraldine James - droops on the window-sill.

One sometimes believes the world of British cinema has stopped turning since Brief Encounter. The Bridge is prim, easy-on-the-eye and vacuously wistful: a Merchant-Ivory film made by a team without M-I's talent and for whom the past is a foreign country where every-one speaks with a far-away look as if scanning subtitles.

The rest of the week is worth dashing through at high speed, holding one's coat over one's head. V.I. Warshawski (15, Odeon Haymarket) has the stylish Kathleen Turner in a soggy crime thriller drawn from Sara Paretsky's womandetective novels. The local colour (Chicago) is thickly laid on as the smoke-voiced Miss T croaks out her one-liners. Unfortunately this is one of those films where everyone has a smart answer but no one has thought to bring a smart ques-

Year Of The Gun (15, Can-nons West End)is worse: a thick-eared Italo-American action thriller centred on the kidnapping and murder of Aldo Moro. Star and former bratpacker Andrew McCarthy flexes his two known expres-sions - constipated and more Frankenheimer directs.

Hello Hemingway (ICA, no cert), a first feature from Cuba's Fernando Perez, is sweet but small-voiced. In 1950s Havana, on the eve of Laurita (Laura de la Uz) hopes to win a place at an American university, with or without help from her rich neighbour E. Hemingway. Will she succeed? The suspense is bearable. We keep watching thanks to fine period evocation and the bubbly naturalism of Miss de la Uz.

Nigel Andrews



"If I had to destroy the work of Monet or Mantegna, I would definitely choose that of Monet" says that such modernist Norman Rosenthal, exhibitions secretary of the Royal Academy yesterday. I am sure he means it, but it also makes good business sense.

Picture book pages: a scene from 'Billy Bathgate'

Last year was the best ever, financially, for the RA, with a profit of almost £1.5m thanks mainly to the record number of 1.8m visitors, half of whom were drawn to just one show, the Monet. The 658,000 pairs of feet man-aged to wear out the stair carpet. They also spent lavishly in the shop and res-

taurant, and bought 65,000 catalogues. This year's exhibition programme includes no such outstanding shows, apart from that devoted to Mantegna which opens on January 17, thanks to sponsorship by Olivetti. This outstanding, wayward, artist of the Italian Renaissance bears the burden of ensuring that the RA has another good year. The appearance in the show of eight of his nine canvases of the "Triumphs of Caesar", the undoubted masterpiece

of his career, which entered to the

Royal Collection in 1629, should ensure a good attendance, but the RA is opti-

mistic if it imagines that this Old Mas-ter can capture the popular imagination in the manner of an Impressionist. The other interesting exhibitions are those devoted to the Impressionist Sisley (July), whose reputation has long en over shadowed by his contemporaries: Sickert (November), the greatest

British post-Impressionist who has not received a serious show for 30 years; and a display of Tibetan art, stretching President Sir Roger de Grey announced changes in its most estab-

lished institution, the Summer Show.

Honorary foreign RAs, like Robert Die-benkorn, are to be invited to exhibit in an attempt to raise standards. Although around 12,000 works are submitted for the Show, very few contributions by amateur artists are accepted. Sir Roger sees the Show as offering young profes-

sional artists a chance.

Other shows this year are devoted to Alexander Calder, creator of the mobile and the RA Tom Phillips. Next year there will be major exhibitions of British watercolourists between 1750-1860; a Pissarro show; and one devoted to 20th century American art.



Ruth McCabe and Barry Foster

The Gigli Concert

There is another Irish theatre triumph in London, this time at the Almeida. Tom Murphy's The Gigli Concert, though it has a cast of only three, has everything: wit, pathos and music. Above all, it contains

superlative acting.

The play was first performed at the Abbey Theatre, Dublin, in 1983. This is a slightly revised version which was presented at the Abbey last year. As the British premiere, it cries out to be seen. One could be pretentious about it and say it has a cosmic background, as a programme note claims: I would prefer to say simply that it is deeply

JPW King is an Englishman with a Tipperary grandmother who has set up in Dublin as a dynamatologist, which means a kind of quack psychologist. He has few, if any, patients until the appearance of the unnamed Irish Man, who asks for help and has money to pay for it. The Irish Man claims to have been born in Italy where he was a promising boy

sizeable fortune out of the Irish building industry, but craves ber the acting, however, long after most of the words have now to be able to sing like Both JPW and the Irish Man

are alcoholics, though in the Irish sense of drinking steadily from morning onwards rather than being particularly dangerous. Both ask themselves sepa-rately how they can get through the day. The therapy is talk, vodka and listening to Gigli as the Englishman and the Irish Man discover how much they have in common and how dependent they are on each other.

Whereas the Irish Man has built a thousand homes, JPW claims to be devoted to a woman called Helen who never appears. Instead he makes love to Mona, whom he has met in a supermarket and who spreads her favours around the city but has a special affection for JPW. The talk, being Irish, is unstopping, going through childhood, sex and religion, and if the play has a fault, it is that it is slightly too long. But it is also

soprano. He has since made a full of satire. You will remembeen forgotten.

All three performances are superb. Barry Foster as JPW is a big man capable of wonderful facial changes. He can be the kind, sympathetic Englishman, then switch to anger or ecstasy. Tony Doyle as the Irish Man has a slightly less developed part and seldom gets out of his overcoat. Ruth McCabe's Mona strikes me as entirely credible despite her strange life-style. She is vulgar, loving, faithful and promiscuous all in one. The trio variations of pace unusual on a

London stage.

There is a thoroughly appropriate set of JPW's surgery, with the Dublin streets out-side, designed by Ashley Martin-Davis. The direction is by Karel Reisz, more normally associated with the cinema. Here, like everyone else, he

Malcolm Rutherford

Dinner Dance

LYRIC, HAMMERSMITH

writer David Pownall and choreographer-director Sián Wil-liams treat a group of seven ing angles, neither of them

rewarding.
Act One is "A Slice of Life," in which we follow the lives of three couples and a female des-patch rider in brief scenes, soap-opera style, all set in the same kitchen. A working wife grows tired of her unemployed husband and his hopes of starting a family. A bible-freak ("Well, at the moment you rang I was reading the Psalms of David") dates a black girl. Two gay lovers break up (Being a junk jewellery sales-man does have its limitations"). Don't ask about the girl cyclist. For emotional depth or psychological penetration, this all scores less than

Acorn Antiques.

Most scenes are spiced with mime-dance-acrobatic ingredients. I guess this is meant to suggest the intensity of the things left unsaid, but in prac-tice it makes each character

Unsubtle and coarse in several look (a) phoney (b) melodratense and self-conscious than ways, the dance-theatre group matic (c) narcissistic. One gay in Act One, and they maximise the Kosh is well named in man replying to his lover: (pirthis two-act Dinner Dance, ouette across the kitchen, tual image is one of totalitarbackbend over a work-surface) "I can't trust you to do any-thing for me!" Bible freak to his black chick: "You look" (is suddenly lifted high in the air by two unseen men) "terrific!" And the way characters keep making entrances and exits from or into the fridge or kitchen cupboards is a hoot.

Act Two is called "Throw Caution to the Wind." Here the seven characters (and their poor accompanying 'cellist') are dressed in harnesses, kneepads and not a lot else. It looks like a bad bondage party. The music (thanks, Howard J. Davidson) is standard soft-core rock - stuff to energise to. I imagine that what occurs here is an attempt at transcendent lyricism modelled on the famous "Golden Section" in Twyla Tharp's 1981 The Catherine Wheel. But, whatever its concept, it is fatally constricted by the deliberately strenuous,

crude movement style. cally and do a few acrobatic feats, but they look even more ian perversion, marked by competitive aggression. Then they chant a finale: "I I want I need... Ever am I alone with you, and thou, and she, and him, and her and me." The singing is as strenuous as the movement; half the performers

Nothing about this performance cheered me, but I must mention the overall Kosh features that are most depressing. Dinner Dance is so straitjacketed by its own effortful manner that it never makes clear what kind of social comment it to show the same characters, conflicts and problems as Act a lyrical release in which ordinary social character is forgotten? Impossible to say, because neither is achieved. Sadder yet is the brutalising effect that this kind of show has on its executants. Any kind of refine-ment – technical or spiritual is out of place here.

Alastair Macaulav



BERLIN

Stastsoper unter den Linden 19.00 Claus Peter Flor conducts Der Freischütz, with a cast led by Magdalena Helossyova, Reiner Goldberg and Ekkehard Wisschiha. Tomorrow: Nutcracker. Sat: Lohengrin, Sun: Iphigenie en Aulide (East Berlin 2004 762) Komische Oper Tomorrow's performance is Oriec ed Euridice, staged by Harry Kupfer and sung in German with Jochen Kowalski es Orpheus. Sat: Die Zauberflöte. Sun: first night of new production of Hans Werner Henze's ballet Undine, choreographed by Arila Siegert and designed by Johannes Conen (East Berlin 2292 555) Deutsche Oper 19.30 Lortzing's comic opera Zar und Zimmermann. Tomorrow: Die Zauberflöte. Sat Turandot with Gwyneth Jones. Sun: Toscs with Rosalind Plowright and Neil Shicoff (West Berlin 3410 249) us 20.00 Simon Rattle conducts the Berlin Philharmonic Orchestra in Beethoven's Overture The Consecration of the House, Bartok's Second Pieno Concerto with Peter Donohoe and Sibelius' Fifth Symphony (repeated tomorrow at 20.00 and Set at 16.00). Sat, Sun and Mon at 20.00: Claus Peter Flor

conducts the Berlin Symphony Orchestra in music by Prokofiev and Beethoven (East Berlin 2272

ronie Kammermusiksaal Philharmonie Kammermusiksaal 20.00 An evening of music for plano and string quartet by Milhaud, Goetz and Richard Strauss (West Berlin 3027 242). Sun: Simon Rattle conducts the Scharoun Ensemble in a Schoenberg programme, including Plerrot Lunaire with Elise

■ BRUSSELS

Palais des Beaux Arts 20.00 Alexander Dmitriev conducts the Belgian National Orchestra in Ravel's Mother Goose, Saint-Saens' First Cello Concerto (with Heinrich Schiff) and Scriabin's First Symphony. Mon: violin recital by Miriam Fried (507 8200)

III CHICAGO

Orchastra Hall 20.00 Daniel Barenbolm conducts the Chicago Symphony Orchestra in Bernstein's Serenade (with violin soloist Samuel Magad) and Mozart's Divertimento No 17 in D major. Repeated tomorrow at 13.30, Sat at 20.00 and next tues (435 6666) Tomorrow in Civic Opera House: Madama Butterfly. Sat: new production of Turandot (332 2244)

■ GLASGOW

Royal Concert Hall 19,30 Walter Weller conducts his first concert as music director of the Royal Scottish Orchestra: Mozart's Linz Symphony and Beethoven's wenth, plus Bruch's Violin Concerto with Victor Tretyakov.

and on Sat in Glasgow (041-227

■ THE HAGUE

Dr Anton Philipszaal 20.15 Graeme lenkins conducts the Residentie Orchestra in music by Dukas, Saint-Saens and Berlioz, with violin soloist Isabelle van Keulen. repeated tomorrow. Sat: Vladimir Ashkenazy conducts the Royal Philharmonic Orchestra in music by Beethoven, Britten and Richard Strauss. Today at 12.30: lunch concert by the Residentie Trombone Quartet (360 9810)

LONDON

THEATRE The Gigli Concert: Tom Murphy's Irish comedy receives its British premiere in a production directed by Karel Reisz and designed by Ashley Martin-Davis, with a cast including Barry Foster and Tony Doyle (Almeida, 071-359

 Sophisticated Ladies: Duke Ellington is the focus of this revue-style musical which celebrates his life and work. (Globe, 071-494 5065). Becket riveting performances from Derek Jacobi and Robert

Lindsay in Anouilh's play on the relationship between Henry II and the archbishop (Theatre Royal Haymarket, 071-930 8800). The Madness of George III: Nigel Hawthorne stars in Alan Bennett's new play at the National Theatre. The NT repertory also includes The Sea, a revival of Edward Bond's uneven social comedy starring Judi Dench, and The Wind in the Willows, Alan Bennett's adaptation of Kenneth

071-928 2252).

Grahame's 1908 story (National, Jack and the Beanstalk: Cilla Black stars in the popular Christmas pantomime. Runs till Jan 19 (Piccadilly, 071-867 1118). For ticket information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962 Covent Garden 19.00 Carlo Rizzi

conducts a revival of Johannes tutte, with Margaret Marshall, Diana Montague, Anne Howells, Stafford Dean, William Shimell and Kurt Streit. Runs till Feb 11, with next performance on Sat. Tomorrow: Jeffrey Tate conducts Le nozze di Figaro, with Felicity Lott, Marie McLaughlin, Thomas Allen and Anne Sofie von Otter (071-240 1066)

Collseum 19.30 Michael Lloyd conducts ENO production of Rimsky-Korsakov's Christmas Eve. Tomorrow: Xerxes with Ann Murray in the title role. Sat: Richard Jones production of Die Fledermaus 071-836 3161)

Barbican 19.45 Rafael Frühbeck de Burgos conducts the London Symphony Orchestra in two Haydn symphonies and Orff's Carmina Burana. Sun: Frühbeck de Burgos conducts Brahms' Schicksalslied and Beethoven's Ninth Symphony (071-638 8891)

■ MADRID

This week's programme at the Auditorio Nacional de Musica includes a concert tonight by the Chamber Choir of the Barcelona Palau de la Musica. The Spanish

Radio Orchestra and Chorus, conducted by Serglu Comissiona, give concerts tomorrow, Sat and Sun, with a programme including Tippett's A Child of our Time (337

■ NEW YORK

Avery Fisher Hall 20.00 Leonard Slatkin conducts the New York Philhermonic Orchestra in Mozart's Symphony in F major K19a, Shostakovich's First Violin Concerto (soloist Salvatore Accardo) and John Corigliano's First Symphony. Repeated tomorrow at 11.00, also Sat and next Tues at 20.00.

These concerts are dedicated to all those who are living with Aids and those who help and support them (875 5030) Metropolitan Opera 20.00 James Conion conducts Der fliegende Hollander, with a cast led by Hildegard Behrens, James Morris Gary Lakes and Matti Salminen. This production runs till Feb 7. with next performance on Tues.

Tomorrow: John Corigliano's new opera The Ghosts of Versailles, Sat afternoon: La bohème. Sat evening: La traviata New York State Theater 20.00 City

Ballet In choreographies by Jerome Robbins, Richard Tanner, Peter Martins and Balanchine, Season runs daily except Mon till Feb 23 (870 5570)

■ ROME

Teatro Olimpico 21.00 Piano recital by Filippo Gamba, including Schumann's Humoreske (3234 890). The Rome opera season opens next Tues at the Teatro dell'Opera

with a new production of II barbiere di Siviglia (488 3641)

■ TURIN

Teatro Regio 20.30 Francesco Corti conducts Giuliano Montaldo's production of II trovatore, with a cast led by Leo Nucci, Daniela Longhi, Giorgio Lambertl and Elisabetta Fiorillo. Also Sun at 15.00, (88151)

■ UTRECHT Vredenburg 20.15 Valery Gergiev

conducts the Rotterdam Philharmonic Orchestra in Stravinsky's Scherzo fantastique, Scriabin's Plano Concerto with Naum Grubert, and Rimsky-Korsakov's Sheherazade Tomorrow: Chris Barber Jazz and Blues Band, Sat at 14.00: Teresa Berganza is soloist in a programme of Spanish and Italian songs, with the Netherlands Radio Symphony Orchestra conducted by Henry Lewis (314544)

■ VIENNA

Staatsoper 17.00 Horst Stein conducts Die Meistersinger von Numberg, with Bernd Weikl as Sachs, Kurt Rydi as Pogner, Klaus Konig as Stolzing and Nancy Gustaíson as Eva. aiso Sun. Tomorrow: Katya Kabanova. Sat. Konzerthaus 19.30 Olaf Bar, accompanied by Geoffrey Parsons, sings Die schöne Müllerin. Sun: Gunther Theuring conducts a concert performance of Werner Egk's opera Colombus (1942), with the Bratislava Radio Symphony Orchestra and Vienna Youth Chorus (712 1211)

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Thursday January 9 1992

Raven croaks at Motherwell

EVER SINCE Mr Harold Macmilian announced, in 1959, that a major steel industry investment should be divided between Scotland and Wales on regional policy grounds, the position of the Ravenscraig steel works has been a matter of controversy and doubt. In the 1960s, the steel industry needed consolidation on appropriate sites, not further politi-

cally motivated fragmentation.
To most observers in the last two decades, the plant, near Motherwell in central Scotland, has appeared doomed. With the loss of the nearby Linwood and Bathgate vehicle manufacturing industries, central Scotland could offer neither local raw materials nor local markets. British Steel, privatised in the 1980s, and chasing world-class costs and productivity, has in recent years not bothered to conceal its ultimate intention

for Ravenscraig.
Although none of this has quietened Scottish political passions on the subject, even influential voices in Lanarkshire have in the last year urged recognition of reality, since a government-commissioned Arthur D Little report underscored the weakness of Scotland's claim to a place in

world steelmaking.

None of this alters the fact that the loss of thousands more jobs in Ravenscraig represents a local economic catastrophe. To some extent, those Scottish politicians who have done most to overstate Ravenscraig's claims to a future have made the problems of transi-

No duplicity

Equally, British Steel has not helped in the last two or three years by refusing to make more explicit the economic case against Ravenscraig. The company cannot, however, fairly be accused of duplicity over the timing of yesterday's announcement. It had long said that its preferred closure date of 1994 was subject to market conditions; the faltering nature of the UK economic recovery is presumably precisely what British Steel feared when it entered the caveat. It should go without saying that there is no case for compelling British Steel to act

craig, therefore, is that neither a country's nor a local commu-nity's long-term interests are served by politically inspired investment decisions. With a Labour government possible by July (or earlier), the point is worth re-stating.

Blind eye

The point is also depressingly germane in the context of a European Community which continues, for all the most persuasive but self-destructive political reasons, to turn a blind eye to steel industry subventions in a number of mem-ber countries. Last year's EC approval of a FFr2.5bn (£260m) injection by the state-con-trolled bank, Crédit Lyonnais, to Usinor Sacilor, is but the latest and most blatant example. The fact that it cleared the commission's competition directorate only demonstrates the institutional weakness of

EC competition policy.
Sacked Ravenscraig workers
can therefore justly resent not
only the chronic misjudgments
and shiftiness of UK politicians, but also the double standards which are too easily tolerated in Brussels. German steelworkers displaced by the current merger wave running through their industry are in the same boat. The Community evidently needs to rationalise production in big industries such as steel, motors and air-lines on the basis of performance and competitive advantage if powerful competitive challenges from outside the community are to be met. But the Twelve have yet to dis-cover the political will to construct a de-politicised competi-tion policy of the kind needed to ensure that market forces

are allowed to work. The only other thing to be written in the Ravenscraig epitaph is that there was never a community more deserving of EC and UK government help in rebuilding its local economy. Ravenscraig's workforce has been loyal, hardworking and as efficient as the plant permit-ted. It has every right to expect politicians to move whatever bureaucratic obstacles stand in the way of measures to stimulate the creation of jobs in industries more suited to the periphery of

HK governor

IT WILL be a difficult and probably thankless task to oversee the hand-over of Hong Kong from Britain to China in 1997. Most former colonies have emerged independent, but Hong Kong will uniquely be delivered, even if as a Special Administrative Region protected by its own law, to well-established, and decidedly threatening, communist masters. The governor succeeding Sir David Wilson later this year must be carefully chosen.
Though Sir David's retire-

ment - announced with his elevation to a peerage last week - was not a surprise, the hiatus until a successor is announced after Britain's gen-eral elections is unfortunate. times for Hong Kong. It can do without a period of speculation in which a series of unlikely names are bandied about.

The government should try to obtain cross-party agreement to appoint a new gover-nor before the elections. This could be difficult since some potential candidates might hope for other offices in London if their party were to win. But the future of Hong Kong is important enough to try.
No clues are being given as
to whether the new governor will be a diplomat, politician or from any other calling – with the one qualification that Hong Kong Chinese people appear to have been ruled out. Though China, which views the Hong Kong administration simply as an extension of the British gov-ernment, would doubtless object strongly to a local governor, that is not a reason for rejecting the option outright. The idea has merit. But it has to be recognised that any governor must also be able to deal

The governor will need to be not only an effective represen-tative of departing Britain, but also alert to the needs of Hong Kong people. He, or she, must be prepared to stand up for them openly in negotiations with both London and Beijing. which between them take the most important decisions. Above all, the governor should not be seen as conditioned by Britain's former imperial role. He, or she, should be a politi-cally adept, sensitive, robust and open chief executive, not a symbol of the Raj.

Dr Clark's parliamentary

with Beijing.

End set-aside

HATS OFF to Clark. No, not the publicity-hogging Kenneth Clarke, but David Clark, the Labour party's shadow agriculture minister. Unlike John Gummer, self-proclaimed advocate of efficiency in a supposedly pro-market government, Dr Clark knows interventionist nonsense when he sees it. And in the set-aside scheme for taking land out of production he has, indeed, found "one of the more insane aspects of the

common agricultural policy".

The objection to set-aside is not, as the Sunday Times has tried to show, that it is vulner-able to fraud; fraud is certainly not needed to make it an outrage. First, policy-makers pay farmers to produce surplus food; then, to deal with the surpluses, they dump the excess on world markets, at vast cost to EC taxpayers and less cossetted competitors; now, to limit the surpluses, they pay farmers not to produce and the more land they agree not to produce on, the more they will pay. The law of the conservation of absurdity applies here: policy may change, but total absurdity remains constant.

probing has revealed that money is being paid out in bushels. Six farmers in England and one in Scotland are being paid more than £70,000 a year each to leave their land alone. A further 70 receive annual payments of more than £30,000. To those who have land, it shall be given. But why should any business be paid to leave its least productive plant idle. And why can it use the money to invest in the rest of its plant, when the aim of the policy is to lower production? The right way to reform the CAP is to lower prices to market clearing levels; provide time-limited income compensation to farmers; and pay farmers to look after the land. To the extent that the latter means more production, as it will, internationally agreed limits will be needed. Current proposals for CAP reform represent real progress in some areas, above all on prices. But they must go further if they are to be accepted abroad and avoid being a laughing stock at

British Steel's chairman Scotland is unlikely to be his first choice for a holiday.

Over the past two years, Sir Robert has been vilified by Scottish industrialists, trade unions and community leaders for presiding over British Steel's strategic withdrawal from steel making in Scotland. The retreat making in Scotland. The retreat turned into a rout yesterday when the company announced it would close the last two blast furnaces at its complex at Ravenscraig in Scotland by September this year.

Two factors lie behind the Ravenscraig closure. The first is British Steel's attempt to overcome the historic fragmentation of the IIK steel

toric fragmentation of the UK steel industry which has left it with smaller and less economic plants than

its best European competitors.

This fragmentation has left Ravens-craig particularly vulnerable to the second factor: a savage decline in the steel market in the last two years which has forced the privatised British Steel into a desperate fight to maintain its financial performance.

For many Scots, Ravenscraig is a symbol of the nation's industrial strength. For British Steel, the plant is a symbol of the political and mana-gerial obstacles which have hampered

the modernisation of the industry throughout the post-war period. Critics of the closure argue that it spells the end of hopes of an indepen-dent Scottish manufacturing industry. British Steel is hoping it marks the end of an era in which commercial decisions have been undermined by political expediency. It was 1959 when Harold Macmillan

the then Conservative prime minister forced the then private-sector steel industry to establish two hot strip rolling mills instead of the one that was required: one in Ravenscraig, near Glasgow, and the other in Llanwern in south Wales. The plan was that the plant would provide the hub of an area with steel tube and plate plants supplying factories for ships, buses, cars and other products. Rayanscraig drained the finances of

Colville, its private owner, so much that it helped to push the industry towards nationalisation in 1967. Yet political pressures meant that British Steel had to stand by its Scottish

Doubts about the future of the Scottish industry had long been raised but became insistent with the privatisation of British Steel in 1988; the bell really tolled from May 1990 when the company announced plans to close the hot strip rolling mill with the loss of 770 jobs. Then, in November that year it announced the closure of its lydesdale tube works with 1,200 job losses. The future of the other hig Scottish plant, the Dalzell plate mill, has been in question since last July when the company said it planned to

t is a cruel political irony that the privatised British Steel, one of the proudest creations of the Conservative government, should have delivered what could be the coup de grâce to Tory election hopes in Scotland.

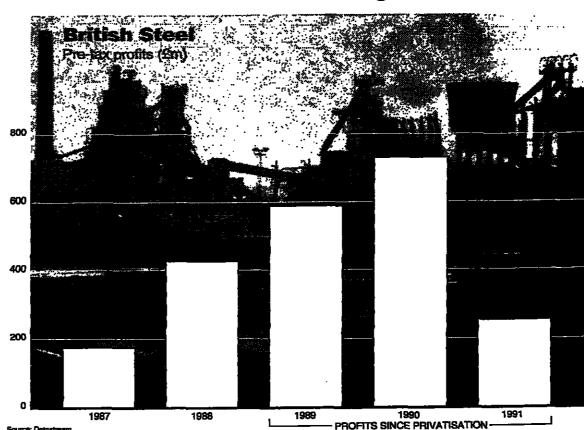
in Scotland.

As it prepared to shut the remains of its Ravenscraig complex two years ahead of schedule, Mr Lang, the Scottish secretary, was left with a difficult task. All he could do yesterday was to promise more funds and an enterprise zone for the regeneration tainly in vain, that British Steel explain to the Scottish public the full commercial reasoning behind its deci-

For the past four years ministers could at least parade the commitment which the Conservatives extracted from British Steel chairman Sir Rob-ert Scholey in 1387 that steel-making at Ravenscraig would continue to 1994, "subject to market conditions". Now Sir Robert has ruthlessly swept aside that siender piece of the gov-ernment's protection from the wrath

In closing Ravenscraig, British Steel hopes to rid itself once and for all of political interference, writes Charles Leadbeater

Passing of an industrial symbol



invest in a new mill at Lackenby on Teesside, north eastern England. Bereft of a strip mill to roll and finish the steel, Ravenscraig's three blast furnaces were increasingly forlorn, making crude slabs for British Steel plants in south Wales and for sale on the open market. The first blast furnace closed last year with the

loss of 1,200 jobs. The final two will

close no later than September with

Ravenscraig closure is a price war in a stagnating European steel market. UK steel production, which fell by 8 per cent last year 16.5m tonnes, is forecast to drop to 16m tonnes this year, according to MEPS, the Shef-field-based steel consultants.

The steep fall in steel prices has

heen even more troubling. Last month hot dlp galvanised steel was selling for £250 a tonne, 32.5 per cent down from its 1989 peak, while hot rolled coil could be bought for £170 a tonne,

a cut of about 28 per cent. With steel demand falling as result of slower economic growth in Germany, France and Italy, British Steel will gain no relief from the flerce competition which drove its UK market share down from 64 per cent in 1990to a low of 55 per cent last

The deterioration of the steel market has taken a heavy toll on a com-pany which in the late 1980s was held

Tory prospects in tatters

James Buxton says Scotland will show its wrath at the polls

Many Scots will see the shutdown as the inevitable result of Tory economic policies which, in their eyes, have undermined Scottish manufac-More broad their conviction that the government

does not care about Scotland. This perception has grown over the st 10 years. But Ravenscraig owes its survival through the 1980s to the Tories. In the early part of the decade, Mr George Younger, the then Scottish secretary, insisted that the state-owned British Steel did not close it. The plant always posed a dilemma for the party, however: it was not on a coastal site for easy transport and most of its main Scottish steel users, such as car makers,

had disappeared. Its supporters refused to recognise these inescapable facts.

Labour politicians, trade unionists and the Scottish media invested the ith a symbolism it ne ited, often based on muddled and romantic thinking of the kind expressed in 1990 by the Scottish rock singer Pat Kane, who said: "If Scotland wants to have a 21st century manufacturing future it needs to have a Ravenscraig. It is regarded as a link to our manufacturing past." That link was shattered in May

1990 when Sir Robert declared that Ravenscraig's hot strip mill was to close. The Conservatives at last began trying to convince the Scots that they should look to an economic

future beyond steel-making. Consultants who were asked to examine the options for steel-making in Scotland, stated bleakly that there were virtu-

future of Lanarkshire after steel without automatically being accused workers and local people in Motherwell yesterday was one of dignified resignation, unlike the anger of May

For Mr Lang that is about the only favourable thing to emerge. The boost to the Tories' standing in the Scottish opinion polls which followed the departure of Mrs Margaret Thatcher in November 1990 has

British industry. Its pre-tax profits for the six months to last September led-78 per cent to just figh. Mr Eway Fraser, a steel analyst at stockbroke James Capel, forecasts it will make a loss of £80m-£160m for the year

including the exceptional costs of 130m for shutting Ravenscraig.

The closure is central to British Steel's hopes of stemming the had morrhage. It should cut the company's costs by at least £100m a year. In the long run it is unlikely this is the end of British Steel's attempt to reshape itself. It wants to concening production at two sites — its Lianproduction at two sales - its Lam, wern-Port Talbot complex in south Wales, and Tecsside - to gain the economies of scale it needs to match its largest continental competitors, Usinor Sacilor in France and Thyssen

There will be further job cuts 5,000 went in the six months to September, leaving 47,000 - and tight control of investment. The company disclosed yesterday that it has post-poned a planned 2100m investment to install a second continuous caster at

Llanwern.

The Ravenscraig closure marks two other, potentially more significant, developments that are reshaping the British steel industry. The first is its shift from a national focus to a European one. Ravenscraig was built as part of a national industrial strategy to stimulate Scottish manufacturing. It is being closed because it cannot survive in an increasingly competitive. European market.

European market.
When the strip mill closed, only 4 per cent of Ravenscraig's steet went-into the Scottish economy. A small plant with capacity of only 2m tonnes, it is 500 miles away from the main-continental markets. In contrast 50 per cent of customers for Thyssen, the mighty German producer, are within 100km of its main plant near Duly burg which has a capacity of 10m tonnes a year.

The real weakness of the British

The real wearness of the british steel industry is the weakness of its customer base, British manufacturing industry. The solution can only be further internationalisation of its

The second long-term shift in the industry lies in the balance of power between the public and the private sector. Ravenscraig is being closed because British Steel is now a private sector company able to take its own ercial decisions. But the pressures it is under come in part from public-sector steel companies elsewhere in the European Community some of which, in France, Raly and Belgium for example, are cushioned from falling prices by indirect govern-ment subsidies.

Ravenscraig has always epitomised the troubles of the British steel industry, its demise is a symbol for the troubles besetting the industry all

almost completely evaporated and the party is now back at about 20 per

The disastrous performance of the party in the Kincardine and Decade by-election in the autumn, where a Tory majority of 2,000 was turned into a Liberal Democrat one of almost 8,000, was a reminder that the party is identified as the English party, imposing unpopular measures such as the poll tax that only a minority of Scots voted for. Since then, the party has been on the ropes.

Tories could lose five of the nine Scottish seats (out of a total of 72) which they still hold. Mr Lang could lose his seat in Galloway.

By his timing Sir Robert has ensured that it is the Tories who will take almost all the blame for Ravenscraig. An incoming Labour government would find little left to save, a point that may have occurred to him. Since it was the Conservatives under Prime Minister Harold Macmillan who created Ravenscraig, that may

Eight days a week

One of the troubles with a small place like Wales is the shortage of politically-correct movers and shakers. When the rulers in London want to fill a slot with a Welsh figure the same old names pop up.

Take the case of Gwyn Jones, a 43-year-old entrepre-neur who sold his software company in 1987. One of for-mer Welsh Secretary Peter Walker's blue-eyed boys, Jones was made part-time chairman of the Welsh Development Agency in 1988 and after his recent reappointment his WDA workload was increased to four

However, he has now added the Welsh BBC governorship to his portfolio, which carries with it the chairmanship of the Broadcasting Council for Wales and membership of the Velsh Channel 4 network. Add all the tasks together and even Jones the computer is not capable of working eight days a week.

Jones is now going to shed some of his international work-load at the WDA in order to ties at the Beeh. Even so his appointment does nothing to reduce the concern within the principality at the concentration of top jobs in such a small

Come the election it could all be different. Different faces

Shrinking fortune Are you keeping your shrink informed? Joan Weill, wife of Sandy, Primerica Corp chairman, was unburdening herself to one particularly attentive

psychiatrist back in 1985 when the unthinkable happened. The shrink actually took notice of what she was saying. Her husband, the former number two at American Express, had confided his ambitions to become top dog

at BankAmerica, and she was

OBSERVER

throwing a wobbly about the ensuing disruption to their personal lives if he met with success. The psychiatrist's no doubt deep concern for his patient's well-being did not apparently prevent him from stepping smartly out to purchase BankAmerica stock on which he is accused of raking in a tidy \$27,475 when Weill's crazy idea surfaced. This week the said shrink,

narrowly escaping prison for his insider dealing, has been sentenced to five years' probation and 600 hours of community service annually; he has also now collected fines amounting to \$287,000. Observer wonders what this will do to his billing rate.

White knight

Blind persons everywhere should be in mourning today, following the news of the death of Jean Delage in Rabat, Morocco, at the age of 99. The French author and journalist made a white cane the interna tionally recognised symbol of blindness. He established the "Cannes

Blanches" association for the blind in France after World War One, using the blind stick as a mark of recognition.

Delage began as a cabaret singer in Paris, writing several plays which were successfully staged in Paris and Brussels. He then went on to journalism and wrote two books about Russian exiles in Paris.

Spelling mistake ■ It's not the best advert for Made in Britain. Yesterday's Walworth Road hand-out launching the Labour party's economic strategy for the 1990s included around a dozen spelling and other grammatical mistakes in the course of a two-page press release. Of

course, it may be all the fault



of the 13 years of Tory neglect of Britain's education system. Even so a modest investment in a computer spell-check sys-tem would not go amiss, espe-cially when the statement is issued on behalf of the shadow

BANX

Battle stations ■ With three months to go

before the tenth anniversary of the Falklands War, Britain's Channel Four has fired the opening shot in what looks like being a fierce ratings bat tle. The subject - the most comprehensive account of Britain's conflict with Argentina. Be warned, there could he casualties. Channel Four, whose four-

part documentary starts next Monday, has former Sea Lord Admiral Sir Henry Leach acc using former defence minister Sir John Knott of "making a howling cock-up" of defence policy in the run-up to the war. In order to spike the opposi-tion's guns it has taken the precaution of getting agreement from a host of retired admirals, generals, and senior diplomats, including former

UN ambassador Sir Nicholas Henderson, not to talk to any other channel until after the anniversary is over.

Nevertheless, at least another four Falklands programmes are planned by the rival channels in what could

prove to be a scheduling night-mare in an election year. The BBC is not taking up the sug-gestion of Mrs Thatcher's former press secretary, Sir Bernard Ingham, to screen a pro-Thatcher Falklands play. Meanwhile, details of Mrs

Thatcher's role in the anniversary celebrations remain under wraps. She refused to sign any contract with Channel Four. Woudn't it be interesting if she resurfaced on the Beeb?

Confidence index ■ A plea for political stability from George Inge, chairman of Savills, the upper crust firm of estate agents which reported another loss yesterday and passed its dividend again. The current housing slump is the worst lage can remember in his 30 years in the business and he shudders at the thought of what the return of a Labour government might do to his

vealthy clients.

According to Savills, central London house prices have fallen by 16.5 per cent from their 1989 peak, while country house prices have fallen by 15.4 per cent. Traditionally, the London market gets hit first and recovers first, and inge sees the same thing happening again. Although his firm is seeing increasing num bers of repossessions at the upper end of the market, the good news for clients is that forced sales are "making ven-dors more realistic about asking prices".

Burning bright

■ Is this a record? When one reader took down his christ-mas decorations, he discovered that he had received 14 identical christmas cards from different contacts inside British Gas.

"we have the highest opinion of Shepherd's achievement"...

Project Manager, Gatwick Airport Ltd. Extract from 'NEW BUILDER' Aug 91

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et us suppose that the different states of the US attll had their own currencies, which thay had linked together in an exchange rate regime, and hoped eventually to fuse into a single dollar. Let assume that there was not yet a Federal Reserve Board, but a series of regional Feds which had to follow New York. There would then surely be many vociferous complaints that other states were being forced to accept excessively high interest rates based on the

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needs of New York.

Yet in practice Florida, California, Wyoming and the rest might benefit more from a zone might beneat more from a zone of currency stability than from the ability to have their own nominal interest rates. And if New York had a good sound money record, the other states could improve their own anti-inflationary credentials by using it as an anchor. using it as an anchor.

This comparison has been provoked by the removed campaign to cut Britain free from the strings of the ERM. (The biggest non-surprise of the new year is the report that Mrs Thatcher has been expressing similar views. It would be astonishing if she had not been.) Let no one suppose that a mere realignment — that is,

The irresponsible demands of the German unions are pricing European workers out of jobs'

a devaluation within the ERM
— would give the UK freedom
to slash interest rates. Rates would still have to stay competitive with other European cantres, plus an additional devaluation risk premium.

Mr Nicholas Ridley believes that the EPM has "course! Hea!"

that the ERM has "overkilled" UK inflation, which is now "zero or even negative". I only wish this were true. He is right to say that the retail prices index is misleading; but that is because it now understates inflation, the underlying rate of which is 5% to 6 per cent. A plausible case can be made that both core and headline inflation will be down to 3 per cent or less by the end of this year. But we are not there yet. it would take only a few signs that the UK was once again devaluation-happy to reignite inflationary psychology.

What is disagreeable about the alarmist talk is the implication that there is nothing that the implications and markers can do to

business and workers can do to help themselves, such as to stop pricing themselves out of stop pricing themselves out of work. In a previous article I instanced the Ford pay settle- Alan Walters was advising Mrs

ECONOMIC VIEWPOINT

Better Frankfurt than Liverpool

By Samuel Brittan

ment at a rate well above inflation and in deflance of the glut of workers asking for jobs. So long as this "going rate" mentality is prevalent, unemployment will be high whether the UK is on a fixed or floating exchange rate, inside or out-side the ERM, and irrespective of which party is in power.

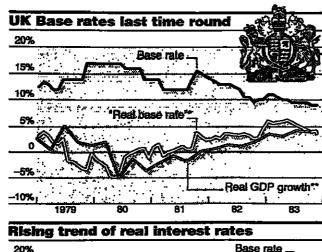
Now for another example, I have a friend who has behaved like a textbook employer, reducing pay in his factory by 10 per cent before contemplating short time or redundancies. But his cost-cutting efforts have been undermined by a have been undermined by a ground landlord who demands hefty increases under a five-year rent revision clause, on the assumption that high inflation is here to stay. My friend has been advised to tell the landlord to jump into a lake.

These incidents are part of the human friction involved in the transition from a fixed

the transition from a fixed price (or cost-plus economy) to a flexible price one. The transition would be stopped in its tracks if the government panicked over recession — too late in any case to do itself any electoral good. Incidentally, it does not take much imagination to see how John Smith would have the government for breakfast if it embarked on any

form of devaluation. One way in which self-cor-recting economic forces can work in a large economic area is for the recessionary region to lower its costs and prices relative to the anchor state. If a monetary policy, decided in New York in my hypothetical case and Frankfurt in the actual one, were to depress output in the outlying states, the latter could emerge from recession by improving their competitiveness and increasing market share. But would all these efforts

be offset by the inability of the outlying states to reduce interest rates - which would actually rise in real terms if inflation rates fell? History suggests that they need not be. In the second helf of 1981, in the early



"Real base rate"

1975 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 Base rate less annuel inflation "Market prices, annual change Thatcher at No 10), base rates had to be jerked sharply structed Keynesians, I could understand. What is difficult to

upwards in reaction to mone-tary tightening in the US; and they did not return to their starting point until July 1982. Moreover, because of dropping inflation, real UK interest rates rose even more sharply, and increased further in 1982-83.

Yet these developments did not prevent a recovery in British output starting in the mid-dle of 1981 and gathering force in 1982-83. High real interest rates are compatible with economic recovery, even though they are hardly welcome; and the period of negative real interest rates in the mid-1970s was a gloomy one for growth. If the calls to slash interest rates, irrespective of the exchange rate consequences,

were coming from unrecon-

take is when they come from economists such as the "Liverpool Six", headed by Prof Pat-rick Minford, many of whom claim in their academic capacity that the main influence of monetary policy is over infla-tion and any effects on output and jobs are transitory. Indeed Minford himself is known for his belief in both "rational expectations" and "new classical" doctrines.

What these doctrines were supposed to mean, unless I totally misunderstood them, was that output and employment could only be influenced by surprise changes in macroeconomic policy, and that the real economy would soon adjust to any stable monetary policy regime, once that was

credible and understood. Within this method of thinking, the debate between using a fixed exchange rate against a low-inflation country and rely-ing on internal monetary rules, was a second order one in which reasonable monetarists could disagree with each other, and the answer might depend on circumstances of time and place. Now all these teachings have been thrown out of the window as the Liverpool Six outbid the crudest Keynesians

in their calls for reflation.

The fundamental question i how worried we should be that monetary policy throughout Europe is increasingly decided by the Bundesbank. I can think of a good many worse bodies to decide it. The implication, so resented in the Thatcherite camp, is that businessmen and workers in Britain, as in most other European countries, should be so intimately affected by the Bundesbank's efforts to contain the inflation-

ary impact of German unity. In the words of CS First Boston Economics. "That in turn makes the coming German vage round assume trans-continental importance. Whether German unions know it or not, their irresponsible demands are pricing British, French, Italian and Spanish workers

With 'going rate' pay settlements, unemployment will be high, whatever the monetary regime

out of jobs. The Bundesbank is only helping to make it crystal clear to all the political leaders of the EC. So whether the German unions like it or not, and they clearly don't, they will be under immense outside pressure to settle for wage increases near the 5 per cent level they currently say is

unacceptable. And employers seem ready for strikes . . . "We think it highly likely the unions will lose out, and thus there may be room for the Bundesbank to take the first cautious step towards easing surprisingly early in the sec-ond quarter . . and German short rates may move rather more than the markets expect by year-end — probably to somewhere near 8 per cent." I am sure that CSFB is right

about the causality and hope that it is about the outcome. There is in any case no way that British policy can escape the impact of events on the Continent. The ERM supplies a coherent framework and a device for ensuring that we obtain some counter-inflationary benefits from it.

LOMBARD

Little room for City excuses over Maxwell

By Robert Peston

he collapse of the late Mr Robert Maxwell's empire will ultimately be more damaging to the City of London than any other scan-dal of modern times.

The damage should not be measured just in terms of losses suffered by his creditors, although these are likely to be enormous — about £1.5bn for the hank lenders alone. Banks which lent him the

money were foolhardy. Mer-chant banks which advised him - and gave him public support - were negligent, on the most generous interpretation of their behaviour. Yet again the accounting profession has falled to protect the interests of independent share-holders in a public company.

The UK regulatory system has shown itself wide open to abuse indeed, the scandal may be as bad for the City's interna-tional standing as last year's House of Lords decision to invalidate banks' swap transac-tions with local authorities.

In the swaps case, foreign banks complained that UK law had been shown to be inadequate in a fundamental for markets - financial deals, struck in good faith, were not enforceable. Now their complaint is about the glaring loop-holes in the regulatory system. The question they ask is ger-

mane. How could an individual, Mr Maxwell, have been allowed such power over two substantial public companies that he was able to plunder more than £1bn from the accounts of the public companies and their pension funds? In the case of the biggest public company, Maxwell Communication Corporation, his power was unlimited. Price Waterhouse, the accountancy firm acting as MCC's administrator under UK insolvency laws, has discovered that the board of MCC had delegated all its authority to Mr Maxwell, who could do what he liked to the company and its assets without deferring to anyone.
As for the pension funds, Mr
Maxwell took full advantage of

legal niceties and his powers were almost as great. Perhans the banks were foolish not to have inquired more

deeply into these arrangements before lending him money. But MCC's non-executive directors and the independent trustees

of the pension funds were worse than foolish. They were unable to fulfil their proper functions of representing the respective interests of independent shareholders and pensioners. In those circumstances, they should not have taken the Maxwell shilling.

Most damaging to the reputation of anyone who worked for Mr Maxwell, or lent him money, is the fact that they had been warned of the risks. Price Waterhouse, which has had its reputation blotted by its role as auditor to the failed Bank of Credit and Commerce International, should gain some credit for this.

In 1970, the accountants produced a report on Mr Maxwell's gross overstatement of the profits and assets of a pub-

Anyone who worked for Mr Maxwell, or lent him money, had been warned of the risks

lic company, Pergamon Press. PW's analysis was the backbone of an inquiry by the then Board of Trade.

Bankers have been saying recently that too much has been made of Mr Maxwell's misdemeanors in the late 1960s and the subsequent statement by the Board of Trade that he was unfit to be the director of a public company. Their only possible excuse for this is that they have never examined publicly available records. Copies of PW's report are available from the accountants' offices but PW says no one had asked for one in 15 years until the

Financial Times did this week.
The most startling aspect of the PW report is that it could almost describe Mr Maxwell's plundering of his public com-panies in recent months. Maxwell family companies carried out vast numbers of secret transactions with Pergamon.

Maxwell was adept at hiding the beneficiaries and control-

lers of these companies. The deals were dubious, to put it mildly. Pergamon sold stock and assets to the private companies at inflated prices, in an attempt to boost profits. But payment was not always made immediately by Pergamon. In addition, contracts would sometimes be drawn up for Pergamon to re-acquire the stock or assets, protecting the private companies from loss and creating future liabilities

for Pergamon.
PW identified that \$1.7m £14m at today's prices - was owed to Pergamon by six of Mr Maxwell's private companies. It feared that most of this would not be recoverable. Pergamon was forced to write off most of this sum, just as MCC is expected to write off hundreds of millions in cash and assets transferred to Maxwell

private interests. In other words, there was plenty of evidence that Mr Maxwell was not to be trusted with other people's money, and should not have been given unfettered control over public companies' assets worth hun-dreds of millions of pounds. However, the failure of most City firms to remember the

Pergamon episode is not sur-prising. It is perhaps another version of short termism -their obsession with making near-term returns on their investment and their inability to take a long-term view of the conduct of their clients.

But the behaviour of three companies is bizarre. National Westminster Bank, the biggest lender to the Maxwell private companies today, was Pergamon's clearing bank. NM Rothschild, the merchant bank whose subsidiaries and affiliates provided vital support to Mr Maxwell in the 1980s, led the campaign against him in 1969 on behalf of Leasco, the potential buyer of Pergamon. Finally, Coopers & Lybrand

Deloitte was appointed by Pergamon as its auditor after Mr Maxwell was ousted from the company — and went on to be employed by Mr Maxwell as his auditor at MCC. These three have no excuses.

LETTERS

Industrial improvement is a matter for industry, not policy makers, argue NEDC chairmen

From Mr Bill Jordan and Mr short-sighted or closed: auditing policy (presumably you improvement, good management policy); and ment, workers with appropriate skills for today and the In Obson.
Sir, Your leading article ("Engineering a solution", January 8), illustrates vividly the dangers of superficiality in considering what must be done to regenerate British industry. You say that the recomm dations contained in our joint dations contained in our joint paper, "Engineering at the Crossroads", presented to the NEDC yesterday are "a feeble restatement of conventional wisdom". They are not only "uncontroversial" but also, horror of horrors, "sensible". You suggest that we should by contrast, be pointing out where current policy debates are too

policy makers (presumably, again, within government).

While government has an important role in providing the ment and infrastructure, indus-

future, co-operation and team-work. That is why the NEDC engineering industry sector group and engineering skills working party are defining the successful new manufacturing techniques in engineering and will market them vigorously; will identify product and technology gaps threatening the engineering supply chain; and will define world class engineering skills and what the UK must do to acquire them.

mance. They may even help to make us as uncontroversial, sensible and successful as the Germans and the Japanese. Bill Jordan, chairman, NEDC engineering industry sector group, Ian Gibson, *chairman, NEDC*

engineering skills working party, National Economic Development Office, Millbank Tower, Millbank, London SW1P 4QX

Fax service

Fisons states its position on small and large commercial issues

of small commercial signifi-cance with a large commercial

The extraction of pest represents only a very small part of Fisons' business and while it is a high-profile public subject.

From Mr D R Peters.

Sir, I was surprised to read Mr R C Johnston's letter (Jamanary 6). Considerable time has been spent by senior members of this company with him and the board of the South Yorkshire Pension Rund on the subject of the extraction of peat. His letter sought to criticise our investor relations by confusing an environmental issue of small commercial signification. overwhelming support of most of its private and institutional shareholders on this operational issue.

By contrast, the withdrawal from sale in the US of our products Opticrom and Inferon is a matter which is of

these important issues and, within the rules laid down by the Stock Exchange, will con-

tinue to do so.

I trust your readers, who include a great many of our shareholders, will not fall into

LETTERS may be taxed on 071-673 5338. They should be clearly typed and not hand-written. Please set tax machine for fine resolution. This will improve Britain's long-term industrial perfor-

the trap laid by Mr Johnston and will understand the very different nature of these two

issues, and the ways in which we have sought to deal with them. Fisons recognises its responsibilities to all share-holders to maintain an open dialogue on matters of commercial management and business practice, and will continue to act in a responsible manner in the best interests of all our shareholders. DR Peters,

Fison House, Princes Street,

From Mr Brinsley Best
Sir, John Lloyd's article (December 31) on the freeing of prices in Russia calls the mea-sure "a cruel necessity". He also states that prices are "certain to rise by threefold or

more" as a result.

Even so, Yeltain's price liberalisation need not fail. At the start of "perestrolka", the black markst was not all that significant. By 1988, it was esti-mated to be about 100hn rou-bles out of total household dis-possible income of about 560hn roubles. This would be about 20 per cent of the value of sales and less than 10 per cent of the volume at then prevailing price differentials. In 1991, the value of black

merket sales could be about 25 per cent of total consumer expenditure, and perhaps a lit-

tle over 10 per cent of volume, the total of which may have declined through ahortages.

Rampant inflation is not insvitable. If the two-tier mar-

ket is abolished then the average price for the two markets should prevail. After some adjustments, perhaps to soften the blow for the "mada", ordi-nary prices might rise by about 20 per cent, while falls of between 40 and 60 per cent

should be seen in prices charged on the black market. This all assumes the renewed assertion of control over the printing of roubles. This done - and automatic inflation adjustment of certain wages stopped – the rouble could quickly rise on the free market, thus reducing the util-ity of the massive amount of hard currency already in circu-

or about 2,000bn roubles at the free market exchange rate, compared with the official figure of annual disposable income in 1989 of 652bn rou-

Ukraine's and other republics' objections to all this are quite understandable. At end-September 1991, the price of beef and eggs and many other foodstuffs on the free market in Moscow was two to three times higher than in Kiev or Voronezh. Tomatoes and certain fruits cost about four times more in Moscow than in

the Caucasian republics. Price Hheralisation in Russia will automatically attract more produce to Moscow and St Petersburg, even through the "official" channels, to the extent that transport permits.

A drastic, but workable way to create a market system in Russia lation, estimated at US\$20bn. In addition, if Russia controls the printing presses, it can deny roubles to other republies, thus making it difficult for them to buy their own produce. Hence, the urgency which the Ukraine attaches to introducing its own coupons and, eventually, currency.

Yes, the measures may seem cruel, but they are a long way from the forced confiscation of food from the countryside under "war communism", and from collectivisation. Though drastic, they may prove to be the only workable and humane solution to avoid social unrest and to build a genuine market system in the shortest time, provided those on the lowest incomes are assured supplies. Brinsley Best, 9 Rue Bergère, 75009 Paris, France

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World Bank

attacks cost

of Kenyan

deal with

UK firm

By Julian Ozanne in

Nairobi and William

THE WORLD BANK has laun-

ched a strong attack on a £38.1m contract, backed by the

UK government, involving a British firm of consulting engi-neers and a Kenyan state com-

The British firm, Knight Piésold and Partners, signed the contract in July 1990 with the Kenya Power and Lighting Corporation (KPLC) for consul-

tancy services on the proposed Ewaso Ngiro hydroelectric

In an internal document, the

In an internal document, the World Bank says the price of the contract for consultancy services is "five times what such services would normally cost". A World Bank official in Washington confirmed the authenticity of the document but would not comment further

KPLC, is a state-owned com-pany under the Ministry of Energy. The ministry is tarnished by allegations of cor-ruption during the nine year tenure of Mr Nicholas Biwott,

the disgraced former minister who held the energy portfolio

until November last year.

No such allegations are made against the British company. Last night the company

denied the consultancy fee was

Mr Biwott was sacked from

the cabinet after allegations at a public inquiry that he had received financial kickbacks

from a Swiss consultancy firm and that he was a prime sus-

Keeling in London

France's Socialist high-flier

Laurent Fabius has one more peak to conquer, writes Ian Davidson

THE FRONT ranks of the French political establishment are crowded with glittering high fliers, but the curriculum vitae of 45-year-old Laurent Fabius, who will today be voted first secretary of the Socialist party, is considerably more impressive than most. Many of his rivals were grouned for their fast-track

public careers at Sciences Po' or the Ecole Nationale d'Ad-ministration; Mr Fabius not only went to both these exclusive institutions, he also picked up an agrégation (diploma) in modern letters at the ultra-intellectual Ecole Normale Superieure.

His brilliance carried him with preternatural speed up the ladder of political promo-tion. At the age of 30 he was appointed chief private secre-tary to Mr François Mitterrand, then head of the Socialist party. Five years later, after Mr Mitterrand's presidential victory in the election of 1981, Mr Fabius was made budget

Then in 1984, he went on to become the youngest French prime minister in more than 100 years; when his govern-ment fell in the Socialist defeat

of 1986, he was still only 39. There is now only one peak left for Laurent Fabius to conquer, and that is the presidency. That is why he has been of the party apparatus. It should give him bargaining power to secure the party nomination, and leverage over cam-

paigning power thereafter.
With the warm support of Mr Mitterrand, who has long treated him as his dearest dauphin, Mr Fabius formed his own party faction and in 1988



Laurent Fabius: only the presidency left to conquer Lionel Jospin, the education

tried to capture the party

leadership; but in their first open challenge to the presi-dent's will, the party barons chose Pierre Mauroy instead. He made another assault at the party congress two years later, but was again beaten back, by an alliance between the factions of Mr Michel Rocard, the former prime minister, and Mr president of the European Commission, who belongs to the Jospin faction.

The irony is that the price of Mr Fabius' long-delayed vic-tory is a virtual acknowledg-ment that it will be Mr Rocard, not be who will be the protect.

not he, who will be the party's candidate in the next presidential elections. That was the quid pro quo for the deal, but quid pro quo for the deal, but in any case he trails far behind both Mr Delors and Mr Rocard in the opinion polls. His lack-lustre reputation may have something to do with his image as a rich bour-

geois and a ruthless intellec-tual. His tenure as prime minister was certainly tarnished by his handling of the Green-peace scandal, when he squirmed shamelessly to evade responsibility for the sinking

responsibility for the sinking by French secret agents of the boat Rainbow Warrior.

His image may yet be revived: he still has plenty of time, especially if the relevant horizon is not the next presidential election due in 1995. dential election, due in 1995, but the one after that. But his immediate test is to rescue the party from its current dol-drums. All the indications point to a serious defeat for the Socialists in next year's gen-eral election; if he can minim-ise that defeat, his standing in

the party will rise sharply. Whether he has the political flair required must still be an

open question. No one ever claimed that he was an instinctive Socialist with a burning faith; it is hard to believe that this middle-class intellectual will ever acquire the common touch. But if intelligence is enough to revive the French Socialist party for the 21st cen-tury, Laurent Fabius may be

> pect in the murder in February 1990 of Dr Robert Ouko, the former foreign minister. He was arrested in connection with the murder but later released after the police said they could not find enough evi-

dence to charge him.

Western officials also question the role of Britain's Export Credits Guarantee Department (ECGD), which is understood to have guaranteed 85 per cent of the loan. A spokesman for ECGD in London refused to confirm that a the project, but western diplomats and bankers close to the project insist that the guarantee has been approved. The Department of Trade and Industry declined to comment.

According to the World Bank document, at least \$28m has already been paid to Knight Piésold for a feasibility study on the scheme, which is not due to come on stream for at

"The exorbitant cost of this contract together with the high level of upfront pay-ments...even before the feasi-bility study has been completed, raises fundamental questions about procurement practices and financial man-agement," says the document drawn up after a special mis-sion to Kenya last November by the International Development Association, the soft loan arm of the World Bank.

scheme involves the multi-pur-pose development of the Ewaso Ngiro river and includes three separate hydroelectric projects, a river transfer scheme and an irrigation project. "At about 12 per cent of the total estimated cost [of the completed project cost], the consultancy fee is entirely in line with the norm for work of this nature".

Second opposition party launched, Page 3

plant closes

Continued from Page 1

Trade union leaders at the though we were guaranteed to 1994."

in Brussels today as planned. Army divided, Page 2

More cracks in British Steel

British Steel's decision to bring forward the closure of its Ravenscraig plant is open to two interpretations. One is that it was strategically desirwhich could return a Labour government. The other is that the steel market is even worse than expected. Sadly for the economy at large as well as the company's shareholders, the latter looks the main

The downturn in Germany, along with economic ferment in Russia and the rest of eastern Europe, leaves the European market apparently condemned to chronic oversupply.

Riven though the redundancy costs are already provided for, the company faces an accelerated depreciation charge of some £35m which will swell this year's loss. It will certainly have to act on its earlies dividend warning. There must now also be doubts about when the previous rather generous dividend can be restored, if at

British Steel is thus in limbo. It can no longer be classified as an income stock, but ery appeal. The Ravenscraig closure will eventually produce cost savings of some 250m, but the full year effect will not be felt till 1993-4. The shares have already underperformed the market by nearly 50 per cent over the past year. They may have further to fall as the last

AGF/AMB

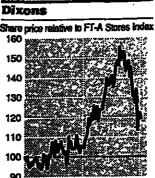
income funds lose heart.

The apparent ease with which Assurances Générales de France (AGF) has built up a 25 per cent stake in Aachener und Münchener Beteiligungs (AMB) must be highly embar-rassing for the German com-pany. AMB has already made a well-publicised hash of combin-ing banking with insurance, but it is not exactly the local tradition for shareholders to dash for the exit in this way.

The deal confirms AGF's reputation as one of the EC's more far-sighted insurers. The price looks a bargain by comparison with other cross-border deals, representing an estimated 20 per cent to 30 per cent discount France's number two composite gets one step closer to its

goal of a major presence in the German market. The immediate obstacles, of course, are AMB's preference for a European alliance with the UK's Royal and Fondiaria of Italy and its refusal to recognise more than 9 per cent of AGF's votes. One possibility is

FT-SE Index: 2,467.1 (-15.8)



that the French will ultimately join a four-legged grouping. Friendly deals are preferred on the continent, and might be in Royal's interest too. Hopes are already high that the joint venture can improve Royal's sol-vency margin by the deconsoli-dation of its Italian premium income and the exchange of assets for cash. But given the parlous state of AMB and Fondiaria, the scope for balance sheet repairs has almost cer-tainly been exaggerated. AGF is stronger than the others and has much more to offer. But it will only do so on radically dif-

Corporate bonds

If investors really do intend to buy more bonds this year, it makes sense for companies to seek debt market finance. Yesterday's issues from Tesco and Southern Electric might thus be the start of another flood of UK corporate sterling issues in

The signs are certainly pro-pitious. Not only do utility companies have a natural appetite for fixed rate borrow-ings, with their large capital spending programmes. Low spreads over gilts also mean opportunistic borrowers like Tesco can swap all - or in yesterday's case part - of the proceeds into cheap floating rate debt. Companies worried about the fickleness of today's commercial banking relationships may find even high real fixed rates worth paying to

extend their debt maturities. Whether new issue volume will exceed last year's record, calculated by the International Financing Review at £8.5hn, is another matter. A run of poor profits and dividend cuts could yet undermine the investor appeal of corporate bonds. Even so, the prospective vol-

ume gives the clearing banks

food for thought. With highly-rated customers securing long-term funds elsewhere, the quality of their loan books sufes accordingly.

Sterling

Yet again, sterling is living dangerously. Yesterday's rate of DM2.8395 at 4pm London time — when the RRM ceases operation for the day — was the closest it has been to its effective floor since it joined the system. The optimist might argue that this does not matter. Since the floor is determined by the peseta, intervention would presumably be directed at pushing the pesets lower. Falling that, Spain could lower Falling that, Spain could reverse the small rise in over-night rates with which it night rates with which it responded to the latest Bundesbank increase, thereby moving sterling's floor down by another couple of pfennigs. If the system can be refled upon in this way, perhaps there is nothing to worry about. The obvious snag is that in refusing to join its partners in refusing rates, the UK is trying to buck the system in the first place.

Dixons

Yesterday's 7 per cent jump in Dixons' share price in response to decidedly poor response to decidedly poor interim figures is understandable enough. A market starved of good news from retailers was bound to welcome a 72 per cent rise in UK retailing profits and talk of an excellent Christmas. Never mind that the increase was achieved without increase was achieved without help from the market place and on a mere 2 per cent locrease in like-for-like volume. Never mind either that it was more than offset by a dreadful film loss in the US. In the four years since Dixons hit trouble the market has always tended to give it the benefit of the

There is nevertheless room for irritation with a company which, while sending in its UK retail team to tackle the mess of a four-year-old US acquisition, talks blithely of acquiring its way into continental Europe within the next year or two. The market has generally sumed that because Dixons was the first retailer into the downturn, it will be the first out. Yesterday's UK results perhaps confirm that. But it is worth recalling that even if full year profits for 1992-3 were to rebound smartly to some £100m - putting the shares on a prospective multiple of 14 they would only have returned to their plateau of 1986-88.

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Russia agrees to accept UK beef aid

By Leyla Boulton in Moscow and David Gardner in Brussels

A ROW over whether Russia would accept 2,000 tonnes of British beef ended yesterday when the Russians agreed with British and European Community vets that it posed no threat of "mad cow" disease.

The deal, which makes ship-ments conditional on "detailed documentation covering proa two-day visit to Moscow by Mr Keith Meldrum, chief vet of the UK Ministry of Agriculture, for discussions with his Russian counterparts. EC vets

A Russian statement said the shipments would come from cattle less than three years old - born after the outbreak of the disease which hit Britain in 1988 - and slaugh-

tered last year. In Brussels, the European Commission voted unani-mously to continue to include

UK beef in food aid allocations to the former Soviet republics. Brussels has made clear it cannot eliminate UK beef from

consignments because this would risk a new consumer scare on "mad cow" disease. Such a scare has led to the near-collapse of the EC beef

A further 1,500 tonnes of British beef was earmarked for Russia, as part of the third Ecu85m (\$112m) tranche of the Ecu200m food grants.

Senior officials overrode departmental advice to send all the UK beef to St Petersburg, deciding instead that 500 tonnes would go to Moscow which originated the dispute.

The Russians are said by officials in Brussels to have been concerned, not about the risk of humans consuming the

beef, but of consignments

going missing and being repro-cessed for animal feed, thereby transplanting the disease to

This week Mr Fabius has

bean third time lucky, but only because Mr Rocard switched alliances. In the past the latter

key rival in the presidential stakes. But right now he is

even more nervous of a chal-lenge from Mr Jacques Delors,

This is accepted in good faith in Brussels, but some senior officials remain convinced that sharp beef traders sowed the doubt in Russian minds, in order to position themselves Ecul.25bn in EC food credits to the former Soviet republics.

Mr Yegor Gaidar, the first deputy prime minister in charge of the Russian economy, said yesterday that vets from the Russian Ministry of Agriculture would visit Britain to see for themselves how meat was treated to remove the danger of contamination by "mad

ow" disease. As one of the first consignments of European Community emergency aid to help Russia through the winter, the rejection of an initial planeload of 118 tonnes of British beef pro-vided a major test for the new

Russian government.

Mr Gaidar, acknowledging that poor distribution remained an obstacle to efficient use of food, said privatisation of the retail network, with expert advice from tion, even though "it was not a job which could be done in a few days".

Mr Alexander Zhitnikov, deputy social affairs minister, said that the state had so far prosecuted 50 people in 39 cases of theft of aid. A commission headed by Mr Alexander Shokhin, a deputy prime minis-ter and social affairs minister, has been set up to co-ordinate

Legacy of collective farming,

EC budget summit likely in April

A SUMMIT of European

Community states could be called in April to discuss a financial package for the Com-munity, Mr Jacques Delors, the European Commission president, said in Lisbon yesterday. Speaking after the first meeting between the Portuguese government and the EC Commission to discuss priorities for the Portuguese EC presidency, Mr Delors said proposals for a financial package would be presented for discussion by

This would outline the Com-

By Judy Dempsey in Belgrade

GENERAL Veljko Kadijevic, Yugoslav defence minister in charge of the federal army,

resigned yesterday, the day after a Yugoslav jet shot down

a helicopter carrying European Community monitors, Tanjug news agency reported. Gen Kadljevic, citing his deteriorating health, sald he had formalised an earlier deci-

sion to step down.
The Defence Ministry.

quoted by Tanjug, said army chief of staff Gen Blagoje Adzic

would take over until a perma-

set up an inquiry into the downing of the EC helicopter

in which five people were

Colonel Zvonka Jurjevic,

The Yugoslav military has

cial commitments for the period 1993-97. He hoped "an extraordinary summit in April would make it possible" to

agree on the package. He said it would include proposals designed to create a favourable environment [to strengthen] the competitiveness of European industries". This was all the more important as the world faced the challenge of important industrial restructuring and big changes in the international

He said the Commission to help find a compromise in would outline proposals on the Uruguay Round of world He said the Commission

Croat, was suspended.
EC monitors have asked to

take part in the inquiry and the 170 EC monitors, most of

them based in Zagreb, the Cro-

atian capital, have temporarily suspended activities until they

obtain guarantees of security.
The move means that a tri-

lateral meeting aimed at shor-ing up the ceasefire in Croatia has been postponed. Today's

negotiations in Pecs, in southern Hungary, would have involved EC monitors, the Cro-

atian government and the fed-

Mr Joao de Silva, the moni-

tors' spokesman in Zagreb,

said the mission was waiting to

hold talks with federal army

representatives who failed to

April, saying it would depend on the "positive" outcome of

Head of Yugoslavia's federal army resigns

competition, on co-operation in research and suggest measures accompany industrial restructuring, especially with regards to its social implications and on training policies. Mr Anihal Cavaco Silva, the Portuguese prime minister. was more circumspect on pros-pects of holding the summit in

discussions after the presentation of the new package. Mr Cavaco Silva also emphasised Portugal's determination

head of the air force, and a turn up at talks scheduled for importation of arms to Croasterday morning.
"At this meeting we want to

know the exact circumstances

of what happened...and

obtain the necessary guaran-tees to let our monitors per-form their job," he told Cro-

atlan radio.

An article in Polityka, the

Belgrade newspaper regarded

as a Serbian government mouthpiece, said the helicop-ters did not have clearance to fly from the Hungarian border

to Zagreb. The helicopter had

been shot down because it was

operating in closed air-space. Mr Dobrosav Velzovic, Serb-

ia's deputy foreign minister, told the BBC that, in the past,

two helicopters had been using this air corridor for "the illegal

trade talks which are threatened by disagreements between the EC and the US. He said the presidency would also strive to ensure that social policies would be seen to be an important element in the development of the Community. "We want to ensure that the social dimension is a reality in the Commu-

nity," he said.
Mr Delors said enlargement would have to be discussed during the six-month Portu-guese presidency but that it was too early to talk of a time-table.

tia....that is one of the rea-

sons which might be the cause for the attack on the helicop-

A senior western diplomat said: "If the army thinks it can blame the EC for this accident,

or try to cover up in any way, it is mistaken. This accident confirms why the army must

be brought under political con-

trol as quickly as possible."

Italy yesterday said the attack on the helicopter

pointed to a deliberate attempt

to scupper international efforts to end the fighting in Yugo-

slavia. An EC peace conference on Yugoslavia is due to resume

Scots steel

its future since last July when the company announced it planned to build a new plate mill at Lackenby on Teesside.

Mr Lang said British Steel's decision was "hugely disap-pointing" though it could not have come as a complete surprise to anyone aware of the recent steep fall in British Steel's profits.

plant reacted with resignation to the closure. "There was an inevitability about it." said Mr Willie Twaddle, senior works convener at the plant, "even

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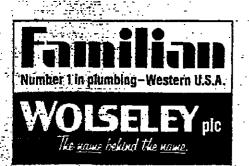
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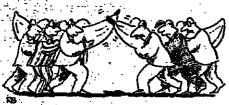
FACE

Oil prices fall on fears of Iragi return

Oil prices fell yesterday to the lowest levels since the end of the Gulf war last February as traders reacted to fears of the return of Iraqi oil to the market. The price of North Sea Brent crede for February delivery lost almost a dollar at \$17.05 a barrel. An Iraqi delegation met United Nations officials yesterday in Vienna for the first of two days of talks — described as "constructive" - on a resumption of Iraqi exports which, until now, have been blocked by a UN embargo. Page 20

Thyssen subsidiaries may merge Thyssen: Germany's biggest steelmaker, is examining urgent economy measures which could lead to the merger of its two main steel subsidiaries, Thyseen Stahl and the loss-making special ateals company, Thyssen Edelstahl. Group profits fell 25 per cent in 1991, the third consecutive decline, mainly because of difficulties in international steel markets. Page 14

Coing bananas over trade



There is less than a year to go before the European banana market is deregulated, and Caribbean producers meet Latin American exporters tomorrow to discuss a common approach. The Caribbean producers, who have smaller plots and higher wage bills, are trying to prevent an unequal contest with cheaper Latin American fruit. Page 20

Burda forecasts record profits The Burda publishing group of Germany yesterday forecast record profits and an 8 per cent increase in sales in 1991. The group also pre-dicted that turnover, which has more than dou-bled in the past five years, would reach DM1.35bn (\$893.7m). Page 14

The European back in business The Barclay brothers, new owners of The European newspaper, were absent from yesterday's press conference announcing formally that the newspaper was back in business. But the new managing director, Mr Alan Chamber-iain, promised that the pan-European title would be highly successful. Page 19

Toronto urges electronic trading



The Toronto Stock Exchange (above) has recommended that all soully trading on North America's busiest bourse after New York be automated within the next 12 months. The board of governors' recommendation is likely to be approved at a meeting of members on February 13. Page 16

Airline shares take off

This week's announcement of rising traffic vol-ume and capacity for December by KLM, the Dutch airline quoted on the Amsterdam stock exchange, rounds off a year of improving pros-pects for many European air carriers. This has been reflected in the share price performance of some of the biggest carriers. Page 32

Market Statistics

London traded options London tradit options Managed food service Money meriods
New let bond Issues
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World stock rolet Indices
UK dividends amounced FT int bond svce

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Chief price changes yesterday New York prices at 12:30:

COMPANIES & MARKETS

Thursday January 9 1992 6 THE FINANCIAL TIMES LIMITED 1992

Nestlé, BSN plan joint Czech bid

rivals in the European foods business, will pay Kcs2.6bn (\$95.5m) to acquire 43 per cent of Cokola-

dovny.
The European Bank for Reconstruction and Development (EBRD), making its largest investment in Czechoslovakia so

NESTLE, the Swiss-based cent of Cokoladovny for Kcs900m. foodmaker, and BSN, the French biscuit manufacturer, are to forge pany at an estimated \$222.2m. a joint venture to gain control of Cokoladovny, Czechoslovakia's largest food producer.

The two food companies, fierce the Czech company said it needed both chocolate and biscuit manufacture in the European feed, but it is a company said it needed both chocolate and biscuit manufacture.

turing expertise to upgrade and expand production. Other food manufacturers, such as Phillip Morris and Jacobs Suchard, did not alone fill these requirements, Czech government officials said.

pean Commission to ensure that the monopolistic impact of the joint venture re-exporting its products to EC member countries

is negligible.

Mr Alex Tyrteos, a senior banker at EBRD, said Nestle and

Czech company over the next four years. Of this, \$81.4m will go toward increasing Nestlé and BSN's equity participation, which should reach 53 per cent in 1993 and 57 per cent in 1996.

The venture is conditional on a favourable roling by the European Commission to ensure that chocolate and biscuit products to maintain the domestic market share which is threatened by imports because of lower tariffs.

Exports to central European countries are planned later. Nestlé and BSN will add their

Share price (pence)

nies such as Mercedes and Air France who earlier this week unveiled plans to invest in

Czechoslovakia.
Nestlé said yesterday its investment in Cokoladovny was part of a pragmatic approach to developing markets in eastern Europe. For now, apart from rapid development in eastern rapid development in eastern Germany, the group was interested only in investing in Czechoslovakia, Hungary and Poland, countries where it seemed possible to operate on a commercial

French insurer lifts stake in AMB

By William Dawkins in Paris. David Waller in Frankfurt and Richard Lapper in London

ASSURANCES Générales de France (AGF), the powerful French state-owned insurer, yes-terday announced it had increased its stake in Aachener und Münchener Beteiligungs (AMB), Germany's second-largest insurer, to just over 25 cent, further complicating relations

between the two.

AGF's move, which makes it the biggest shareholder in AMB, is regarded as unfriendly by the German company and could unsettle its efforts to develop an alliance with Fondiaria of Italy, and Royal Insurance of the UK.

In response, AMB yesterday bought Fondiaria's 25 per cent stake in Volksfürsorge, the Hamburg-based life and property insurer (in which the two companies had shared a controlling interest), releasing funds which could strengthen ties with the Italian insurer in other areas. Fondiaria intends to use the DM600m (\$379.7m) proceeds from the transaction to help fund a new European joint-ven-ture into which Fondiaria, AMB and Royal aim to pool their

European subsidiaries. Discussions on the formation of the joint venture are currently underway.

Analysis are speculating, how-ever, that Fondiaria could also use some of the money to increase its own stake in AMB. Fondiaria holds an option on an 18.8 per cent stake in AMB sold by Royal for £250m to Crédit Sui-

sse late last year.

The French group, which has so far spent FFr3.2bn (\$590m) on buying AMB shares, said yesterday it did not plan to increase its stake, but that it would negotiate with the German group's management to get full voting rights for its shares.

AGF has 9 per cent of the vot-ing rights and needs to register the rest of its 25 per cent with the AMB board to acquire full voting rights and a board seat. But last year, AMB warned that it was not prepared to regis-ter the French holding. Subse-quently both Fondiaria and AMB have cold-shouldered AGF although Royal, which already operates a co-operation agreement with AGF in the US -

appears less hostile.
Mr Peter Matthiesen, AMB spokesman, said that AGF was merely seeking to "obtain a foot-hold" in Germany for its own advantage, and the European joint venture would be of mutual benefit to the other three

far, will acquire a further 15 per invest a further \$114.8m in the BSN would produce few of their UK aerospace group is annoyed by its unpopularity, writes Paul Betts BAe struggles to regain credibility

Returning to work after a few days in the Caribbean, Mr Dick Evans, the British Aerospace chief executive, should have been relaxed. Instead, with other senior com-pany executives, he has been exasperated by the reaction of BAe shares to a renewed batch of bearish comments on his compa-

ny's prospects.
"We are on track with the strategy set out in our rights issue document last year," he said. Mr Dudley Eustace, BAe finance director, added: "Our cash position is satisfactory. Dick and I have held a host of meetings with institutions to explain our position and plans. Nothing has changed during the last few weeks. What more can we do to

BAe shares dropped sharply last week after Nomura, the Japanese securities house, circulated a private note to clients painting a bleak picture of BAe's prosecutive of BAE's pro pects. The impact was all the greater because the note reported negative comments about BAe by Sir Peter Levene, the former head of Britain's defence procurement.
Worries were increased by
doubts about BAe's negotiations

over the second phase of the Al Yamamah defence programme in Saudi Arabia worth about £2bn (\$3.6bn) a year. The City of Lon-don had hoped for confirmation of the new contract by the end of December. Although BAe announced other contracts involving corporate jets, all eyes

have been fixed on Al Yamamah.
"It's understandable. It's such
a big event. Selling corporate jets does not make a big difference. But confirmation of the second Al Yamamah contract will remove a lot of doubts," Mr Eustace said, emphasising there was never a December 31 deadline for the second phase of the deal. The company remains confi-

dent of securing the new contract and senior BAe executives are

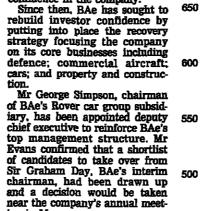


BAe's Dudley Eustace

Saudi Arabia this weekend. The second phase of the Saudi deal is expected to include a mix of construction and defence hardware including Tornado and Hawk air-craft and the construction of the

BAe shares bounced back above the 300p level during the past two days to close at 311p

ting the sale of its 16 per cent stake in DAF, the Dutch truckmaker, and expectations that one leading City of London broker will put out a positive note on the company today have contributed to lifting sentiment.



Al Sulayyil base.

yesterday. Nomura circulated a second private note to clients this week expressing regrets to BAe and Sir Peter for any embarrassment caused by its first note and stating that Sir Peter had no interest in depressing the BAe share price. Reports that BAe was negotia-

uted to lifting sentiment.

But the shares are still substantially below the 380p offer price in last year's flopped rights issue which, coupled with the resignation of chairman Prof Sir Roland Smith and an unexpectable of the street of the



rationalisation and restructuring.
"We are now better positioned when the turnaround comes," Mr Eustace said. Once the car market recovers, BAe expects Rover to swing quickly back into profit.

Last year, BAe shocked the City of London by its failure to communicate the extent of the difficulties and cash-flow problems facing the group. It is unlikely to risk springing

another bad surprise next month

when it announces its prelimi-

year. These are expected to show a group profit before tax and exceptional items of about £150m as forecast in the rights docu-The exceptional items will include a £250m restructuring charge and a further £45m charge to cover Rover's withdrawal from

the US as well as a £15m eain

from the group's controversial sale of its shareholding in the

British

SD-Scicon computing services BAe also stated in its rights issue it would maintain its final

dividend. Although there has been occasional market specula-tion that it may be tempted to cut or omit the dividend, this is hardly likely. If it were, the repercussions on the company's still shaky credibility would be

edly gloomy profit: warning, hit nary financial results for last Woolworth to shed 10,000 jobs in operations shake-up

WOOLWORTH, the large US retail group whose interests range from general merchandise stores to speciality chains, yesterday announced a big operational overhaul. This will involve the sale or redeployment of 900 poorly performing stores, eliminate 10,000 jobs over the next 12 to 18 months, and produce a fourth-quarter after-tax charge of

Earlier this week, Sears, Roe-buck announced plans cut almost 7,000 jobs through improved customer service facilities. Sea-man's, the East Coast furniture retailer, filed for Chapter 11 bankruptcy protection after Christmas while creditors at Zale are attempting to put the largest US jewellery retailer into bank-

ruptcy.
Mr Harold Sells, Woolworth's

would "focus resources on [the company's] strongest store for-mats and locations", and help it meet financial objectives. In the first nine months of 1991, Woolworth saw a 55 per cent drop in net profits to \$75m. Woolworth shares, however, greeted yester-day's announcement with a \$\%

Woolworth said the shake-up would involve discontinuing four speciality store formats -Susie's/Sportelle women's wear boutiques, with 207 stores, and Richman Brothers/Anderson-Lit-tle clothing chains, with 268 outlets and three manufacturing

The Susie's/Sportelle locations will be redeployed, while Wool-worth said it was investigating selling Richman-Anderson-Little. Mr Harold Sells, Woolworth's Five other chains are being chairman, claimed the move pruned: Kids Mart/Little Folk

children's wear chains by 15 per cent, Kinney shoe shops by 25 per cent, and Woolworth/Woolworth Express general merchandise

During the first nine months of 1991, stores involved in the overhaul had sales of around \$342m, and an operating loss of \$50m. Total operating profits for all US stores in the period were

Woolworth operates about 6,500 stores in the US, of which about 5,500 are speciality stores. It has around 9,300 outlets worldwide. The overhaul affects some 4,700 full-time jobs and 5,300 part-time employees. The group's total US staff comprises 38,000 full-time employees and 32,000 part-timers. The retail group also announced management changes at senior executive level yester-





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EBRD sees rise in E European deals

By Richard Waters in London

THE European Bank for Reconstruction and Development yesterday predicted a steady flow of big equity investments in eastern Europe in the coming weeks as it completed its second sub-stantial transaction in Czechoslo-

vakia since the start of the year. The latest investments, in Ceskeslovenske Aerolinie, the state airline, and Cokoladovny, the country's largest food producer. bring to four the equity investments made by the development

However, it said previous delays in approval by the Czech authorities had been overcome, and substantial equity investments in the country were likely to be completed at the rate of one or two a month in the first months of this year. The bank said it was reviewing 15 Czech investments in the aerospace.

petrochemicals and pulp and paper industries, among others. Other substantial projects throughout eastern Europe, among 150 under consideration at the bank, were also expected to be completed shortly.

Mr Ronald Freeman, vice-chairman of the EBRD in charge of investment banking, said the average size of the 14 investments by the bank was Ecu20m (\$25.8m) but added: "We expect the size to increase."

Each of the latest equity trans-actions has been made in partnership with large western companies - Air France in the case of CSA, and Nestlé, the Swiss-based foodmaker, and BSN, the French biscuit manufacturer, in the case of Cokoladovny. However, Mr Freeman said these did not provide a blueprint

for future investments.

In both cases, the EBRD expects to lend further money to the companies concerned. "It is quite likely they will want to leverage up," said Mr Freeman.

• The EBRD looks poised to treat the former republics of the Soviet Union as members, according to a senior official.

Mr Sylvia Jay, head of the

bank's political unit, said the bank was not dealing with completely new membership in the case of the former Soviet Republics and so the emphasis would be on continuity of membership, Reuter reports.

"We've had some informal confirmations from individual republics that they wish to continue membership — only Russia has given a formal confirmation." Mr Jay added. The former Soviet Union had a shareholding of 6

UK group purchases Norwegian life insurer

biggest composite insurance company, is strengthening its position in Scandinavia by acquiring Forenede-Gruppen, Norway's fourth biggest life insurer through a bid from its Danish subsidiary, Codan. Codan's offer of NKr200 per

share - valuing Forenede at NKr314m (\$136m) - has been accepted by the board of Forenede, Sun Alliance said yester-

day.

The Codan bid is a third higher than that offered by Gjensidige, a rival Norwegian company. Sun alliance owns 71.45 per cent of Codan, whose shares are quoted on the Copenhagen stock exchange.

The deal is the most significant recent expansion by Sun Alliance in Europe, whose recent advances have mainly market for group life and pencentred on the development of greenfield site life insurance operations in the Dutch and income (NKr758m in 1990) —

SUN ALLIANCE, the UK's Italian markets It reflects its strategy of "seeking to develop in Europe on a highly selective hasis," according to Mr Raiph Petty, managing director of the group's overseas operations. Overall the acquisition is the most significant made by Sun Alliance since its murchase of a

Alliance since its purchase of a 75 per cent stake in Swinton Insurance which was completed last year. Sun Alliance paid just over £100m for the Manchester-based broker in three separate deals.

Forenede has not yet published accounts for 1991 but in 1990 its life assurance premium income of NKr1.33bn - sold by a network of 500 agents and a number of group schemes amounted to a market share of about 10 per cent. The com-pany has a larger share of the generated by personal lines business sold in central Norway – is also attractive. Sun Alliance's interest in

Scandinavian life market was signalled by an unsuccessful bid for the Danish state owned life insurer, Statsanstalten for Livsforsikring, which was pri-vatised in 1990 and the group is optimistic about future growth prospects in the Scandinavian savings market, where state pensions schemes have come under increasing strain in

recent years. Sun Alliance said the acquisition had been influenced by Codan's particularly strong financial position – it counted with a solvency margin of between 350 per and 400 per cent at the end of 1990, although the deal could have a marginally adverse impact on the solvency position of the group as a whole by the end of the year.

Thyssen restructuring may bring merger of steel units

By Christopher Parkes in Bonn

THYSSEN, Germany's biggest steel maker, is examining urgent economy measures which could lead to the merger of its two main steel subsid-

Following inconclusive negotiations with Krupp on co-operation in special steel manufacture, which ended last month, the group immediately started "intensive talks on the possibility of internal co-opera-

tion", it said yesterday. Group profits fell 25 per cent in 1991, the third consecutive decline, mainly because of dif-ficulties in international steel markets, which were underlined yesterday by the announcement that British Steel is to close its works in Ravenscraig, Scotland, with the loss of 1,220 jobs. A report containing "several

different concepts" will be presented to the Thyssen supervisory board on January 17, a spokesman said. These include possible collaboration buying. Talk about merging Thyssen Stahl and the loss-making special steels company, Thyssen Edelstahl, was "specu-

Both subsidiaries are due to publish results later this month which will show con-tinuing losses at Thyssen Edel-stahl, which lost DM176m (\$111.3m) on sales of DM3.9bn in 1990, and further deterioration at Thyssen Stahl, where profits fell 16 per cent in the same year on turnover of DM10.5bn.

Both have been hit by low world prices and demand, and are now feeling increased pressure from the slowdown in the German economy, which is heavily dependent on the metalworking industries.

alworking industries.

Internal restructuring at Thyssen, flagship of the German steel industry, which accounts for 25 per cent of the country's total 40m tonnes annual output, will mark a further important step in the rapid rationalisation of compa-Four months ago, Krupp

launched its takeover of Hoesch to create a group with around 8m tonnes capacity. Voest Alpine, the Austrian company, said last month it would close its only German special steelworks in Düssel-

dorf by the year-end. Mannesmann, the smallest of the country's Big Four steel groups, recently announced a joint venture in tube manufacture with Hoesch. Thyssen Stahl, meanwhile, is building a mini steelworks in collabora-tion with AFV Beltrame in

> The new plant, which marks a switch from traditional, labour-intensive integrated works, will produce 250,000 tonnes a year and employ around 475 workers when its opens early next year. Although total German steel

capacity is not expected to be reduced by the current wave of change, cost pressures are likely to lead to widespread job losses. Thyssen Stahl employs 41,000 and Thyssen Edelstahl

Olivetti to seek further 2,500 job cuts in Italy

By Halg Simonian

OLIVETTI, the loss-making Italian computers and office equipment group, yesterday announced it would be seeking a further 2,500 redundancies in its Italian workforce in a further bid to reduce costs.

Olivetti, which reported a L73.7bn (\$61.82m) interim loss last year, has already won agreement for 3,500 lay-offs, shrinking its workforce to around 47,000. Some 3,000 of the redundancies will come through a state-backed early retirement scheme, while the remining 500 will be offered alternative public sector

employment. However, Mr Carlo De Benedetti, the group's majority shareholder, who returned to full-time management control last November, has stressed the need for further savings if

olivettl is to survive the cur-rent crisis in the world infor-mation technology industry. Mr De Benedetti has not hidden his pessimism about pros-pects for economic recovery this year and has been harshly critical of Italy's declining industrial competitiveness.

Since his return to full-time management, Olivetti has announced the scrapping of its previous organizational structure, in existence for barely three years, in favour of a simpler system which it is claimed could save L400bn a year.

The latest round of redun-

dancies presented at the start of a three-day negotiating ses-sion with the unions may also include proposals to transfer further manufacturing abroad. Olivetti currently has produc-tion facilities in Singapore and Mexico, apart from its numerous plants in Italy. According to Mr De Benedetti, costs in Singapore are around one-tenth those at home.

With Italy in an election year, political considerations may have constrained the com-pany's job-cutting targets. But prospects of heavy losses for 1991 — some analysts predict
L200bm — have given Mr De
Benedetti a strong bargaining
counter with both unions and
the government, which Olivetti has long been pressing

Dixons reports strong Christmas

By John Thornhill in London

MR Stanley Kalms, chairman of Dixons Group, the electrical retailing company, yesterday reported a strong Christmas trading period in the UK with sales increases in their "midteens" but said it was too early to tell whether this upturn in consumer spending would be sustained.

"I would like to think, so but I do not think we can actually say so," he said.
"There is more consumer confidence out there than you

might imagine. Parts of the country are bouncing with enthusiasm, such as Scotland and the north-east (of England)."
However, the uplift in sales

fell outside the company's first-half trading period and could

not save it from reporting a sharp fall in interim pre-tax profits from £27.2m to £17.5m. A revitalised performance in

the UK was more than offset by steepening losses at its US Silo chain and a reduced contribution from property devel-Nevertheless, analysts were cheered by the news of Christ-

mas trading, and Dixons' shares rose 13p to 205p. The analysts suggested that Dixons had been one of the first companies to feel the effects of the downturn in consumer spending in 1987 and might be one of the first to

to November 9 rose from £812.1m to £869.3m.

rior cost ratios to the Dixons

The UK contributed £537.5m a 5 per cent improvement.
 Profits grew markedly from £11.9m to £20.5m reflecting better stock control and manage-ment systems and the growing proportion of sales accounted for by the Currys edge-of-town superstores which have supe-

high street stores. As in the past two years, the UK profits figure included 25m released from the surplus on its extended warranty fund. A similar sum is expected to be emerge from recession. Group sales in the 28 weeks released in the second half but will not be repeated next year. Dixons' Silo business in the

Earnings per share fell US suffered an escalation of sharply from 3.4p to 1.6p. The interim dividend was held at recession growing to 210.5m. from £2.3m.

Profits on property development were 13.1m, down from 19.8m and interest receivable also fell from \$7.3m to

Dixons announced a man ment restructuring with Mr John Clare, currently manag-ing director of Dixons Stores Group, becoming group manag-ing director, and the creation of a retail team.

of a recan team.

Hosting a rare press course, ence, Mr Kalms, 60, pre-empired the obvious question by saying: "No, I am not retiring."

Rising losses in US, Page 18
Olympian ambition, Back Page Lex. Page 12

Chrysler unveils top-range LH vehicles

By Kevin Done, Motor Industry Correspondent, in Detroit

CHRYSLER, the smallest of lishing Chrysler in the heart-the big three US vehicle makers, yesterday unveiled a new generation of large executive saloon cars, the result of a \$1.5bn development pro-

етатте. The so-called LH project is one of the most ambitious new product programmes ever undertaken by Chrysler, and marks its first all-new car programme for more than a

The cars, to be launched in the autumn in North America, as the Chrysler Concorde, Dodge Intrepid and Eagle Vision, are aimed at re-estabsize and full-size executive cars, where it has lost considerable market share with its present out-dated products. The LH cars will play a cru-

cial role in the company's fight for survival as an independent carmaker in the first half of the 1990s, and are the keystone of an ambitious new product offensive unveiled this

Chrysler is planning to spend around \$16.6bn from 1991 to 1995 on new product development and the moderniaiming to replace all of its car

range by 1995.
The top-of-the-range LH cars will be vital to the company's attempt to restore its credibil-ity as a carmaker to match its success in the light truck market, where it has established a leading position as a maker of multi-purpose vehicles (minivans such as the Chrysler Voyager) and four-wheel drive vehicles, such as the Jeep

It has lost ground alarmingly in the US car market, however, where it was rel-egated to fifth place for the first time in 1991 behind both

Honda and Toyota of Japan. Its share of US new car sales dropped to 8.5 per cent from 92 per cent a year ago, while Honda increased its share to 9.8 per cent in 1991 from 9.1 per ent in 1990, and Toyotz boosted its share to 3.0 per cent from 8.3 per cent. Chrysler's car sales fell by 18.4 per cent to

Production of the LH range is due to begin at Chrysler's Bramalea, Ontario, assembly plant in June, and Mr Robert Lutz, Chrysler president, said the company was eventually aiming at a production of more than 300,000 cars a year.

Burda forecasts record profits on 8% sales gain

THE AGGRESSIVE Burda publishing group yesterday forecast record profits and an 8 per cent increase in sales for 1991. Turnover, which has more than doubled in the past five years, would reach DM1.35bn, (\$881m), the com-pany said in an informal

review of the last year. Claiming a 15 per cent share of the newly-opened magazine and newspaper market in east Germany, the company announced a DM500m, fiveyear investment programme. Half the total will be spent on

expanding its five print works. The owner, Mr Hubert Burda, traditionally ploughs back all profits - expected to be DM75m in 1991 - Into new plant and publications.

In the past year, it has bom-barded easterners with a range of lurid full-colour newspapers and magazines such as Super-Zeitung, which now sells 450,000 a day, matching the east German circulation of the long-established Bild. Burda opened a new print

works in Berlin in a joint ven-ture with News International.

Foreign exchange activity lifts Banca del Gottardo

By lan Rodger in Zurich

NET PROFIT of Banca del Gottardo, the Lugano-based Swiss bank in which Japan's Sumitomo Bank has a majority stake, rose 9.5 per cent to SFr46m (\$33m) in 1991, thanks to strong activity in foreign exchange business, a satisfactory trend in interest margins and exceptional contributions from recent acquisitions.

The directors proposed maintaining the 20 per cent divi-dend, equal to SFr20 per share or participation certificate.

of depreciating new investments and covering exposure towards risk countries. Provisions and depreciation allowances were up 60 per cent to SFr64m. The bank said that difficulties in the Swiss property market had only a "minor"

able to carry on with its policy

to SF17.4bn. Despite a decline in the num-ber of its subsidiaries, the bank estimates that its consolidated net profit will exceed 1990's SFr51m.

December 1991

\$75,000,000



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8.25% Senior Notes Series A Due 1998 8.74% Senior Notes Series B Due 2001 8.83% Senior Notes Series C Due 2003

The undersigned acted as financial advisor to the Issuer and the Guaranton and arranged the private placement of these securities.

NatWest Capital Markets

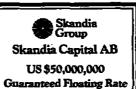
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Notice is barely given, that pursuant to pursuant red of the clause, "Redemption" (c) of the Terms and Conditions of the Bonds, the barely base elected to redoom all the

of the Terms and Conditions of the Bount, the house has elected to nodown all the outstanding Bonds, or learning 30, 1992, at the price of 100 349%.

The Bends should be generalesed for payment together with all sumatured coupons approximing threato, at the offices of ARN ASSOCIANE (American), BANK BRUSSELS LAMBERT (Brustles), MORGAN GJARANT YELIST CODEPANY OF NEW YORK (Brustles), SWISS BANK CORPORATION (Beales).

interest up the Bonds will cease to accord to From January 30, 1992. This Notice surlaces the Notice of BANQUE GENGRALE DU LIDOMOURO SA Please Agent



Notes Due 1995 For the six months 9th anuary, 1992 to 9th July, 1992 the Notes will carry an interest rate of 41% per annum US\$1,074.31, per US\$50,000 Note and US \$10,743.06 per US\$500,000 Note payable on 9th July, 1992.

Listed on the Amsterdam Stock Exchange

SABRE III LIMITED US\$200,000,000

interest rate at 4.375%. US\$2,211.81 will be payable from 7th July, 1992 per US\$100,000 principal amount 4,325% per annum

(Europe) Limited, Agent Bank

Cash-flow was up 34 per cent to SFr110m. The bank was thus DIVIDEND NOTICE TO THE HOLDERS OF **EUROPEAN DEPOSITARY RECEIPTS FOR** COMMON STOCK OF TOSHIBA CORPORATION

(FORMERLY TOKYO SHIBAURA ELECTRIC COMPANY) DESIGNATED COUPON NO. 84 (ACTION REQUIRED ON OR PRIOR TO APRIL 30TH, 1992)** Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of Rebruary 15th, 1970 among Takyo Snibaura Electric Company Limited (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per abare, of the Company (the "Common Stock"), HEREBY GIVES NOTICE of a dividend of 5 Yen per abare of Common Stock.

The Dividend on the shares of Common Stock on record of Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received by the Custodian as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 128.83079 Yen per United States Dollars.

The Depository has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Demmark, France, The Rederal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Ringdom and the United States of America under which certain persons are entitled to 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such contries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied. To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the surrender of Coupon No. 84 be accompanied by a properly completed and signed certificate (copies of the form which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 84. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below upon surrender of Coupon No. 84. DEPOSITARY'S AGENTS

Chemical Bank
The Bank of Tokyo Limited

<u>NAME</u> Chemical Bank

The following table sets forth the amounts payable upon presentation of Coupon No. 84 from the various de

from Receipts in the Denomination of: (less 15% japanes (less 20% japanese ithholding tax) \$16.49 \$15.52

Payment in United States Dollars in respect of Coupon No. 84 will be made by United States Dollar check drawn on, or transfet to a United States Dollar account maintained by the payee with a bank in New York City. Date: January 9, 1992 Chemical Bank, as Depositary, 180 Strand, London, WC2R 1EX, England *September 30, 1992 has been established as the record date for the determination of the stockholders of the Company enotice to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon

**Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax cats applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deem appropriate in the circumstances to assist such holders in availing themselves.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after April 30, 1992 the excess received by the Custodian over 80% of the dividend payable and allocable to majorrendered

As a result, persons surrendering Coupon No. 84 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

CHEMICALBANK

PAN-HOLDING ___SOCIETE ANONYME_ LUXEMBOURG

297,229,747.47 i.e. USD 540.42 for each of the 550,000

The consolidated provisional net asset value per share

U.S. \$100,000,000



Subordinated Floating Rate Notes Due 1996

Interest Rate Interest Period

Interest Amount per

U.S. \$100,000 Note due

4.725% per annum 9th January 1992 9th July 1992

U.S. \$2,388.75 9th July 1992 Credit Suisse First Boston Limited

RUSSIA

The FT proposes to publish this survey on March 26 1992.

The survey will be included in the FT of that day and will be printed in London, Frankfurt, Roubaix, New Jersey and Tokyo. It will be distributed in 160 countries world-wide.

For further information about advertising in the moreous please contact. survey please contact

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FT SURVEYS

Weekly net asset Tokyo Pacific Holdings

Seaboard) N.V. es at 23.12.91 was USS 152.89

Pierson, Heldring & Pierson N.V. Rokm 55, 1012KK Amsterdam.

U.S. \$150,000,000 OF First Interstate Barcorp Floating Rate Notes Due 1994

Sth January 1982 Sth July 1992

U.S. 62,188.53 Credit Suisse First Sector Limite

Floating Rate Secured Notes Due 1992 For the 6 months period 7th January, 1992 to 7th July, 1992 the Notes bear the

Based on a provisional unaudited statement of the accounts as of December 31, 1991, the Company's unconsolidated net asset value amounted to USD shares of USD 200 making up the Company's capital.

amounted as of December 31, 1991 to USD 554.48.

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INTERNATIONAL COMPANIES & CAPITAL MARKETS

Tandem Computers faces first-quarter operating loss

By Louise Kehoe in San Francisco

TANDEM Computers, the California based computer manufacturer, expects to report an operating loss for the first quarter of fiscal 1992, which has just ended. 'It also said it would take a \$20m restructuring charge.

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consolidate lis operations and cut about 700 jobs. Tandem's stock price rose to \$12%, from a Tuesday close of \$11%, on news of the restruct-

uring.
The company said it expected to achieve savings of \$40m to \$50m in the current fiscal year ending in September, and \$90m to \$100m in

Among the restructuring plans to be implemented over the next nine months are consolidation of some offices and facilities, write-offs of nonproductive assets and redun- company's position as a low-

Tandem has reduced its workforce by 3 per cent over the past six months, and plans an additional 6 per cent cut. The computer company said it expected first-quarter revenues to be slightly above last

year's level of \$444m.
For fiscal 1991, Tandem reported a sharp decline in earnings to \$35.2m, or 33 cents a share, compared with net income in fiscal 1990 of \$121.8m, or \$1.13. Revenues for 1991 were \$1.92bn, up from

\$1.87bn the previous year.
We believe the economic framework of the computer industry is changing," said Mr James Treybig, Tandem presi-dent and chief executive. He said the restructuring was needed to maintain the

cost producer of fault-tolerant, on-line transaction processing

Tandem is a large supplier of computer systems to banks, airlines and other businesses which frequently access critical business data.

"The economic environment continues to be very tough and we do not anticipate relief in the short term, but the path we have embarked on today will make us more operationally efficient," said Mr Treybig.

• Compaq Computer said that worldwide orders for its porta-

ble 486c personal computer had exceeded company expectations, AP-DJ reports. The company said it last month began shipping its first colour transportable PC to cus-tomers worldwide.

Australian carrier may be saved

By Kevin Brown in Sydney

COMPASS Airlines, the grounded Australian domestic grounded Austranau domestic airline, has a 50 per cent chance of flying again, Mr Ian Ferrier, the provisional liquida-ter, said yesterday. Compass stopped flying on December 20 after it was

unable to pay fees of about A\$400,000 (US\$303,000) to the Australian Civil Aviation Authority. The airline lost control of its five leased aircraft when the owners began actions

Mr Ferrier said he hoped to avoid liquidating the airline, which has debts of A\$45.2m as a going concern, but added that it would owe A\$171.2m if it failed to return to the skies.

He said the federal govern-ment had agreed to support a business plan under which A\$35m of Compass's debts would be converted to equity, and the airline would be provided with a standby credit facility of A\$10m.

The business plan provides for an increase of up to 7 per cent in average fares, a greater effort to attract full-fare business. ness customers, and more effi-

cient operations.

Mr Ferrier said there was a good chance that a large inves-tor could be found that would inject fresh equity into Compass before February 4, when the Federal Court is expected to decide whether

the airline can be saved. Mr Ferrier said the govern-ment had undertaken to give serious consideration to any proposed investment in Compass by a foreign airline. He refused to say whether any for-eign airlines had expressed interest. Compass had talks with Air New Zealand shortly after ceasing operations, but it is thought to have decided

against rescuing the airline. Mr Bryan Grey, the founder and chief executive of Compass, has agreed to stand down while the company is restruc-tured by the liquidator. Attempts by Mr Grey to find a significant investor for Compass appear to have failed.

Proton seeks stock exchange listing

manufacturer, Perusahaan another 5.77m shares. Otomobil Nasional (Proton), The car-maker is du will offer 55.4m MSI shares at MS5 each to the public to seek a stock exchange listing offi-

Proton is owned jointly by state-owned Hicom, the Ministry of Finance, Mitsubishi Corp and Mitsubishi Motors. Proton will also issue 88.8m

shares to approved ethnic Bumiputra investors, including a minimum of 2m shares to state-owned Permodalan cent from 12.45 per cent. Nasional (PNB), Mr Jamil Jan, chairman, said. Proton direc-

MALAYSIA'S national car tors and staff will be allocated The car-maker is due to be

listed on the Kuala Lumpur Stock Exchange before the end After the listing, state-owned Hicom will reduce its equity in Proton to 29.2 per cent from 41.74 per cent, while the Minis-

ter of Finance Incorporated's stake will fall to 17.8 per cent from 26.47 per cent. Equity held by Mitsubishi and Mitsu-bishi Motors will fall to 8.7 per of MS1.8bn. Mr Jamil said the group had tion of a second command of the domestic car could affect sales.

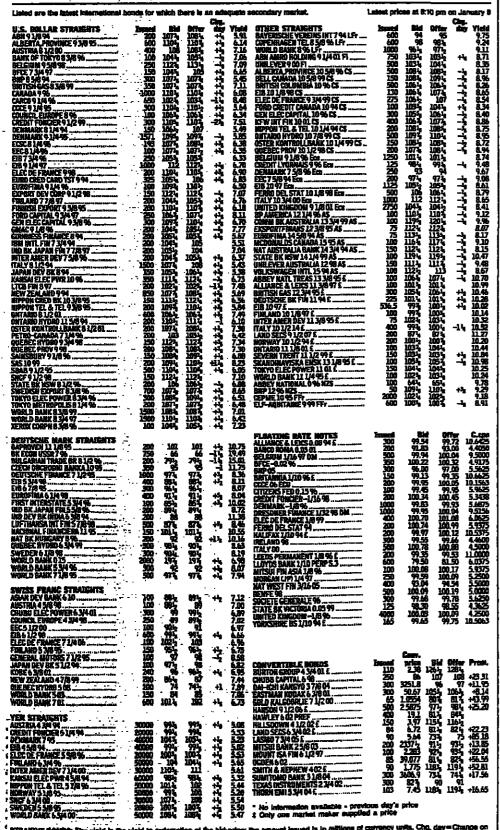
market and, with growing

exports, investors were assured of earnings and dividends. He said it was forecast to earn a pre-tax profit of M\$406.6m (US\$150.6m) for the financial year ending March 31
1992, on turnover of M\$2.1bn,
against a pre-tax profit of
M\$261.4m in 1991 on turnover

Mr Jamil said Proton's share of the domestic market was projected to be maintained at 64 per cent for the next five years. However, the introduc-tion of a second national car

Latest prices at 8:10 pm on January 6

FT/ISMA INTERNATIONAL BOND SERVICE



CSX to take \$755m charge for job cuts

By Nikki Tait in New York

CSX, the large transportation and natural resources group, yesterday announced it planned to take a \$755m pre-tax charge against its fourth-

quarter earnings.

Much of the charge relates
to planned job cuts and productivity improvements in its railroad operations, which range over about 20 states

to the east of the Mississippi. Most of the US railroad companies have announced similar moves in the wake of a new framework labour agreement, which was finally negotiated with some congressional help, last year. The companies have been implementing this at local level, via further union

negotiations. CSX declined to say how many jobs it expected to save on the grounds that discus-sions with the unions were continuing. The railroad division employs some 36,000

people.

However, the company stressed that the charge was designed to cover workforce reductions across all its divi-sions, not just the railroad operation. Of the \$755m. 634m related to the job cuts. At the post-tax level, the total charge reduced to \$490m. Separately, the company

announced a \$318m pre-tax charge, also in the fourth quarter, as a result of the US

sion retiree benefits. Many US companies have een taking similar charges on this score.

The Virginia-based company added that it expected to make a net loss in 1991 as a result of these moves, having clocked up profits of \$280m in the first nine months. C3X shares rose \$1/4 to \$55% by mid-session in New York.

Akzo pians operational shake-up

AKZO, the Dutch chemicals group, is reorganising its operations. It plans to remove a layer of management, which employs some 1,000 people, and sell off its most persistent lossmaking activities, Reuter reports from Arnhem.

The company described reorganisation as drastic. Akzo's worst loss-makers accounted for 15 per cent of sales in 1990, but it began selling them off last year.

The company plans to merge two of its basic divisions; general chemicals and salt and basic chemicals. The general chemicals division employs about 8,100 people with a fur-ther 6,500 employed in the salt and basics division. The group had a total workforce of 64,500

people in September.

The merger will begin in February and be completed by May 1993. However, the company said no areas of activity would be eliminated purely because of the divisional merger and it could give no figures about job losses.

However, Mr Aarnout Loudon, Akzo's chairman, said the

changes in the management

structure would inevitably result in job losses. Mr Loudon, who announced the reorganisation and divestment plans in his New Year message, said that the next 40 per cent of sales which produced only 25 per cent of operating income, would be either strengthened, divested, or put

in co-operation ventures.
No timescale was given. Akzo is due to report its 1991 esults on February 26. In 1990, it made net profits of FI 727m Mr Loudon said 1991 profits looked to be modestly lower.

American to fly business class on domestic routes

AMERICAN Airlines, one of the three largest US carriers, is to introduce "business class" travel - ranking between first class and coach in service and price terms – on its New York-Los Angeles route. The service will start on February 4, writes Nikki Tait. Although US carriers often offer three classes on international flights, three-tier pric-

ing - as opposed to simple first class and coach fares - is unusual on domestic US flights. American said yesterday it planned to reconfigure 10 DC-10 aircraft used on the LA-New York service, to include

52 business class seats in each. Travel agents said American was quoting full fares of \$1,288 for first class, \$902 for business class and \$752 for

American conceded that the move was designed to win more "premium" customers, and it claimed that research suggested that the "economics of the new service were very

HUNGARIAN

The Board is pleased to announce for the year ended 30th September 1991 an audited pre-tax profit of £1,195,249, and an increase in reserves of £2,488,837. Extracts from the consolidated balance sheet are set out below.

30th September 1991 Issued Fully Paid Capital£10,000,000 Subordinated Unsecured Undated Loan Stock...... 2,000,000 Consolidated Primary Capital£44,034,197 Consolidated Balance Sheet Total£209,106,666 During 1991 the Bank maintained a high level

of liquidity and low gearing: 30th September 1991 Liquidity45.9%

The 1991 Accounts will be published shortly. Please contact the Company Secretary for a copy. Telephone: 071-606 5371. Address: Princes House,

Primary Capital/Total Assets21.2%





FINANCIAL TIMES CONFERENCES

WORLD PHARMACEUTICALS

London, 16 & 17 March 1992

The conference will focus on how pharmaceutical manufacturers are globalising their organisation and operations in response to the demands of a changing marketplace and will examine the new management skills required in the coming decade, as companies move from a corporately managed, R&D led organisation to a more market reactive structure. Speakers include:

Mr Heini Lippuner Chairman of the Executive Committee

CIBA-GEIGY Limited Professor Dr Horst Meyer

Head of Pharma Bayer AG

Dr Hans-Peter Sigg Vice President of the Executive Board Sandoz International Ltd

Dr Henry A McKinnell Chief Financial Officer Pfizer Inc

Mr William U Parfet The Upjohn Co

Mr Hugh R Collum Finance Director SmithKline Beecham

Dr Håkan Mogren President & CEO AB Astra

Mr James N Wilson President & COO Syntex Corporation

Dr Armin M Kessler Chief Operating Officer F Hoffmann-La Roche Ltd

Mr Peter W Ladell

Marion Merrell Dow Europe AG

Dr Debby Jo Blank Vice Presiden Strategy and Business Development The Dupont Merck Pharmaceutical Company

Professor Trevor M Jones Director Research, Development & Medical The Wellcome Foundation Limited

Mr Jean-Jacques Bertrand **Executive Vice President** Rhône-Poulenc Rorer SA

A FINANCIAL TIMES CONFERENCE

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BENCHMARK GOVERNMENT BONDS

US BOND prices were higher

at midsession yesterday, hav-ing recovered from early morn-

ing losses on overseas markets

triggered by news of President

George Bush's collapse at a

dinner in Tokyo. By midday, the benchmark

30-year government bond was

up å at 107%, yielding 7.379 per

cent. The two-year note was

also firmer, up 1 at 10011, yielding 4.614 per cent.

The long bond had weakened in Tokyo and London when Mr

Bush's health problems were announced, but confirmation

that he was only suffering from intestinal flu helped calm the New York market's nerves

Attention switched to the

afternoon auction of seven-

year notes, which was expected

to go well, and to tomorrow's December employment report. Speculation that the fall in the jobs total may be bigger than market forecasts of 50,000 to 100,000 provided further support for Treasuries at both

port for Treasuries at both

■ THE European bond markets

ends of the maturity range.

GOVERNMENT

BONDS

Two long-dated Ecu deals help to push down prices

By Tracy Corrigan

TWO long-dated deals in the Ecu bond market, coupled with rumours of further supply. overstretched existing demand in the sector, pushing secondary market prices down

slightly. An Ecu750m, 15-year deal for Finland, via UBS Phillips &

INTERNATIONAL BONDS

Drew, suffered from concern about the borrower's credit rating, currently under review by

The country's economic problems are pushing its funding needs higher. However, the deal was considered fairly

Société Nationale des Chemins de fer Français, the French national railway, issued Ecu400m of 15-year bonds, priced to yield 8.49 per cent, which was considered rather aggressive.
The launch spread tightened

from 6 basis points to 5 basis points above the French Treasury's comparable Ecu OAT. The deals were both unswap-

ped: there is virtually no Ecu swap market beyond 10 years. Dealers had reported strong demand at the longer end, but rumours of more supply at 10 years induced fears that the market would become clogged. Last summer, the market

Borrower US DOLLARS

Phillip Morris Capit 80C Group Inc.(a)† CIA Haring(b)**†

Republic of Finland(a)† SNCF(a)†

Snow Brand Milk Prods.(a)4

nk(a)†

FRENCH FRANCS

SWISS FRANCS She-Bond Corple

effectively closed for several months after it failed to absorb a deluge of new issues in the spring. The total supply so far this year is still relatively

In the event, Belgium, which was rumoured to be looking at the Ecu market, is likely to access the D-Mark sector later this month instead, with a DM500m five to 10-year deal. However, Norway and Italy are also said to be eyeing the sec-

for the World Bank's \$1.5bn 10year global offering, officially aunched yesterday, continued to outstrip supply.

Dealers expect the deal to be

priced at the low end of the indicated range of 15 basis points to 17 basis points, the tightest pricing to date for a global offering.

The dollar sector is proving an attractive source of fixedrate funding for borrowers keen to lock in historically low interest rates. However, most funds more cheaply in the US market.

Phillip Morris Capital Corporation and BOC raised \$200m and \$150m respectively of fiveyear bonds, both via CSFB. Meanwhile, two UK compa-nies, Tesco, the retailer, and Southern Electric, the utility, raised £200m and £150m respectively in 10-year bonds.

NEW INTERNATIONAL BOND ISSUES

2002 2002 1994

1996 1997

ered aggressively priced at 80 basis points above the curve while the Southern Electric offering was considered more attractively priced at 70 basis points over the curve.

Swaps opportunities into floating rate sterling are prov-ing relatively attractive, but demand for bonds could be curtailed by concern about the weakness of sterling, which is bumping on the bottom of its exchange rate mechanism

Late in the day, the Leeds Permanent Building Society launched a £100m two-year deal via NatWest Capital Mar-

Elsewhere, CIA Hering, Brazilian textiles and food company, brought a \$50m private placement of two-year bonds, priced to yield 835 basis points over the comparable US Treasury market. The deal was arranged by ABN Amro.

arranged by ASM Amid.

Turnover on the Amsterdam-based European Options
Exchange (EOE), this year was likely to be roughly the same as last year, said Mr Tjerk
Westerterp, the exchange's president, Reuter reports.
The volume of options contracts was likely to fall slightly, but this would be off-

set by an expected rise in the number of futures contracts, Mr Westerterp said. Last year, the exchange han-dled a total of 11.2m options

CSFB CSFB Natwest Capital Mids.

UBS Phillips & Drew CCF Paribes Capital Mkts.

CDC Bankers Trust France

Yamaichi Bk (Switz) Credit Suisse

and futures contracts.

| Toronto recommends automated trading

By Bernard Simon in Toronto

THE TORONTO Stock Exchange has recommended after several years of hesita-tion, that all equity trading on North America's busiest bourse after New York be automated within the next 12 months.

The board of governors' recommendation is likely to be approved at a meeting of members on February 13.

Mr Michael Edwards, the Toronto Stock Exchange char-

man, said that an electronic trading system would "sub-stantially increase productivtty for member-firms, reduce potential for misunderstanding and error, and signifi-cantly reduce the cost of trad-

However, the strong feelings aroused by the decision were quickly apparent when one of the exchange's 240 traders loudly heckled an official who announced the plans on the exchange's floor.

Floor traders, supported by several powerful firms, have over the years resisted efforts to move trading to the exchange's Computer-Assisted Trading System (Cats). Cats is used for about half

the 1,138 companies listed on the Toronto Stock Exchange, but it accounts for only 20 to 25 per cent of trading volumes. The decision will end equities trading on the 30,000 sq ft floor in the heart of Toronto's financial district to which the stock exchange moved eight

years ago.

Face-to-face trading will continue, however, for options and futures at a location which has yet to be decided. The Toronto Stock Exchange traded 5.8bn shares valued at C\$67.7bn last year, accounting for about three-quarters by value of trading on Canada's five stock exchanges.

• The credit quality of Canadian companies is expec-ted to crumble further in 1992 as downgrades continue to outpace upgrades, but the pace of downgrades may be slowing, analysts at rating agencies said. Reuter reports. Sectors most at risk include retailers, steelmakers and natural resource companies.

were dominated by activity in the Ecu sector yesterday. Ecu bond prices fell after the launch of two large 15-year Ecu bond issues - an Ecu 750m issue from the Republic of Finland with a coupon of 8% per cent and an Ecu 400m issue from SNCF of France with a coupon of 8% per cent. The yield on the 9% per cent UK

8.35 per cent to 8.41 per cent. The German government bond market slipped on profit-taking. The Liffe bund futures contract opened at 88.01 but after peaking at 88.04 fell to 87.68 and ended the day at around 87.80. Traders reported some

switching out of the Dutch government bond market into French government bonds ahead of Friday's release of Dutch inflation figures. Most analysts are forecasting a Dutch inflation rate of between 4.9-5.2 per cent for December.

■ STERLING weakness against the D-Mark and dollar yester-day prompted some profit-taking in the UK government bond market and generally left gilt prices lower or unchanged. The Liffe gilt future, which opened at 97.15, slipped to 97.09 on an above average volume of

20,000 contracts. The bench-

9.42 9.30 - ,07 12.000 11/01 116.2092 -0.992 9.000 08/01 101.6000 ±0.050 8.75 8.80 18.15 BET GRUM 8,500 84/02 104.4500 +0,800 7.86 8.18 ,8.51 GANADA 1 9 000 11/00 102 4250 +0.100 8.58 8.60 (20) 8.500 11/96 98.4240 -0.036 8.90 9.500 01/01 105.9300 +0.030 6.53 8.25 09/01 101.4903 -0.030 12.000 06/01 97.5900 -Ecu bond due 2001 moved from 1244 . 1250. 4.800 06/99 95.8946 -0.201 6.400 03/00 108,1358 -0.338 8.500 03/01 100.2100 -0.160 NETHERLANDS 11.800 07/96 160.7790 +0.140 10.000 11/96 10.000 02/01 9.000 10/08 105-13 +5/32 107-13 +5/32 8.000 11/01 8.000 11/21 London closing, "denotes New York morning sess Prices: US, UK in 32nds., others in decimal

> mark 11% per cent gilt due 2008/07 ended the day almost unchanged at 115%.

■ JAPANESE government bond prices slipped lower as a weakening in the yen against the dollar encouraged some profit-taking yesterday. The financial markets had

expected President Bush's visit to Japan to lead to an agreement to boost the Japanese currency. But the yen weak-ened against the dollar, from Y122.8 on Tuesday to Y124.7 in

amounts after allowing for

At the end of December.

price-earnings ratios based on

1992 earnings were higher in

three countries - Canada, Italy and the US - than at the

end of September. A higher p/e ratio is usually taken to mean

that stock prices are more "expensive" than they were. P/ es were unchanged in Ger-many and the UK and lower in Canada, Italy and Japan.

Europe yesterday, in the

The March futures contract fell from 103.32 to 163.24 while the yield on the benchmark No 129 moved from 5.28 per cent to close at 5.32 per cent in Tokyo. Traders noted some buying of the 20-year maturity boads, and said these appear cheap relative to the 10-year majori-

Today, the Ministry of Finance is expected to auction about Y800bn of 10-year bolds.

Morgan Stanley

status in France

awarded CVT

G7 companies' profits expected to fall

By Peter Martin

STOCK MARKET analysts have cut their profits forecasts for both 1991 and 1992 for companies in the seven leading economies, according to the IBES research service, based in

New York. The IBES survey was carried out at the end of December by adding together thousands of individual company earnings forecasts from analysts around the world.

In all the G7 countries except Germany, profits are forecast to fall in 1991 - by as much as 21.9 per cent in Canada, 11.4 per cent in the US and 9.8 per cent in the UK. German profits are forecast to rise by 1.5 per cent in 1991, which represents a drop in real terms.

The outlook has worsened in the past three months: profits forecasts for both 1991 and 1992 are lower than they were in Forecasts for both periods

CONSENSUS ESTIMATES FOR EARNINGS GROWTH P/E 1992 EPS Growth % Sept -21.9 Canada - TSE France - CAC 40 -2.7 1.5 Japan – Nikkel UK – FTSE

"As at end-Dec 1991 have been reduced most sharply in Canada and Italy. In Japan, where the forecast for profits growth in 1992 is particularly weak — only 4 per

US ~ S&P 500

cent - profits for the corporate year that ends in March 1993 are expected to be below the level of two years before. In all the other countries, where the figures are based on calendar years, 1992 profits are forecast to be higher than in 1990, though often by small

By Richard Waters MORGAN Stanley, the US investment bank, has become one of only five correspondents en valeurs du tresor (CVTE), or brokers in government bonds, appointed by the French government.

The approval stops short of full specialiste en valeurs du tresor (SVT) status, under which banks act as primary dealers in French government

Morgan, which has an investment banking presence in Paris, said it hoped to set up a new separately-capitalised securities operation in the coming months to take advantage of its new status.

The operation is expected to develop in the coming of the company of the comp

develop in a wide range of French securities. The move to become a CVT is expected to be a prelude to the bank seeking full SVT status.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

⁶ The Financial Times Ltd 1992. Compiled by the Financial Times Ltd

FT-ACTUARIES SHARE INDICES

100 100

100 102

ate placement. \$Convertible. \$\text{4With equity warrants.} \$\text{Floating rate note.} \$\text{Trinal terms. a.} \text{Non-caliable.} b) Coupon sami-annually. Non-caliable. c) Redemption linked to CAC-40 Blue Chip equity index. d) Redemption linked to ance of Rhone-Poulenc's "Preferred Investment Certificates" (CIP). e) Caliable 23/1/34 at 101% declining \(\frac{1}{4} \)%

	EQUITY GROUPS	V	Vednes	day Ja	nwary	2	Tue Jan 7	Mos Jan 6	Frí Jan 3	Year ago (approx)	
& SUB-SECTIONS Figures in parentheses show number of stocks per section		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Oh. Yield% (Act at (25%)		xf adj. 1992 to date	Index No.	ladex No.	Index No.	index No.
1		744,89	-0.7	9.14	6.46	14.00	0.00	750.08	747.91	744.84	710.63
2	Building Materials (23)	883.42	-0.9	7.88	7.05	17.19	0.00	891.73	902.82	893.B1	967,74
3	Contracting, Construction (29)		-0.6	9.53	8.80	15.11	0.00	847.67	854,82	865.85	1089.94
4	Electricals (7)	2364.83	-0.6	10.48	6.34	11.99	0.00	2379.93			1895.15
Š	Electronics (26)	16/7.80	-0.5	11.01	5,12	11.51 7.31	0.00	1686.55 322.13	322 36		1524.99 400.67
6	Engineering-Aerospace (8) Engineering-General (43)	349.92	+0.7	16.65 10.30	8.01 5.41	11.97	0,00	463.29	461.33		
á	Metals and Metal Forming (10)		-0.2	2.28	11.35	- "	0.00	306.88	306.94	310.14	400.26
ğ			-1.5	8.87	821	14.96	0.00	294.65	294.71	290,40	
10	Other Industrial Materials (19)	1525 31	-11	7.85	5.37	15.16	0.00	1542.52		1507.98	
21	CONCLIMED CROUP (198)	1597 44	-0.1	7.39	3.46	16.65	0.00	1598,84	1602.11	1603.04	1224.58
22	Resource and Distillant (23)	2010 SA	-0.8	8.24	3.51	14.71	0.00	2036,66		2002.97	1604.57
25	Food Manufacturing (18)	1222.63	-0.6	8.99	4.15	13.67	0.00	1229.93		1242.07	1042.98
26	Food Retailing (17)	2353.65	-0.5	9.84	3.52	13.20	0.00	2364.57			2286.32
Z7	Health and Household (24) Hotels and Leisure (24) Media (23)	4459,46	+1.0	5.10	2,19	22.50	0.00		4395.92		2493.07
27	Hotels and Leisure (24)	122/15	-0.3 -1.2	8.50 6.93	5.52	14.59 18.07	0.00		1223.86 1439.53		
31	Packaging, Paper & Printing (17)	79E 21	+12	7.32	3.83 4.52	16.55	0.00	726.58		723.87	517.66
	Stores (32)		-03	7.77	3.93	17.06	0.00	948.70		973.66	798.21
35			-05	7.89	5.29	16.17	0.00	590.43	595.23	597.44	407.75
40	OTHER CRAINC /31m	11100 20	_10	10.27	5.64	12.27	0.00		1196.67	1197.46	998.24
41	Business Services (16). Chemicals (21). Conglomerates (11). Transport (14). Electricity (16).	1381 67	-0.4	7.27	4.75	17.50	0.00		1379.61	1385.52	
42	Chemicals (21)	1392.91	-0.7	7.26	5,27	17.02	0.00		1413.43	1410.58	1038.31
43	Conglomerates (11)	1279.51	-L9	11.77	8.11	16.31	0.00	1304.23	1301.11	1306.83	1250.50
44	Transport (14)	2332.83	-1.2	5.50	4.85	23.94	0.00		2364.30	2349.02	1879.24
45	Electricity (16)	1166.28	-10	15.55	6.37	8.37	0.00		1190.77	1206.07	1005.35
46	i lefectione Metworks(4)	11.583.17	-1.1	11.35	4.53	11.51	0.00		1407.65		
47 48	Water(10)	2180.96 1776.56	-0.2 -0.8	19.58 5.60	7.29 5.50	5.63 24.58	0.00	2184.27 1791.18	2381_17 1792_19	2165.84 1770.94	
	INDUSTRIAL GROUP (481)	1249.40		8.59	***	24.56			1257.53		
		2101.56	-05	12.18	4.65		0.00				1029.15
			-0.7		6.67	10.87	0.00		2142.66	_	2239.25
		1326.15	-0.5	8.98	4.88	14,03	0.00		1336.71	1340.21	<u> </u>
61			-11		6.61		0.00	712.96	721.73	726.29	701.24
	Banks (9)	828.96	-0.4	4.76	6.40	41.56	0.00	832.40			746.05
65	Insurance (Life) (6)	510.40	-2.0 -2.8	-	5.91 8.54	_	00.0	1476.04 524.92	1480.76 533.45	1490.13 524.46	1266,60 608,14
60	Insurance (Composite) (/)	062.74	-28 -14	8.45	7.00	15.58	0.00	967.39	967.39	329.46 969.04	288.0V
10	Merchant Banks (7)	450 41	-0.2	9.70	4.76	امديد	0.00	451 12	453.41	446.59	346.29
69	Property (34)	767.69	-1.1	7.15	6.01	19.93	0.00	776.60	783.84	784.69	942.72
70	Other Financial (14)	233.33	-0.4	11.43	7.66	11.03	0.00	234.38	234.75	233.38	248.81
	Investment Trusts (68)		-1.4	-	3.78	-	0.00	1165.67			983.96
	ALL-SHARE INDEX (655)	1178.08	-0.6		5.05		0.00	1185.20			1023.43
		Index	Day's	Day's	Day's	Jan	Jas	Jan	Jan	Dec	Year
_		Mp.	Charge	High (a)	Low (b)	7	-6	3	2	31	200
	FT-SE 100 SHARE INDEX#	2467.1	-15.8	2475.9	2441_3	2482.9	2493.2	2504.1	2492.8	2493.1	2128.9

FIXED INTEREST								AVERAGE GROSS REDEMPTION YIELDS	Wed Jan 8	Tue Jan 7	Year ago (approx.)
	RICE NOICES	Wed Jan 8	Day's change %	Tue Jan 7	Accrued Interest		1 2	British Gerezanteni Low 5 years	8.85 9.29	8.86 9.29	9.91 9.94
1 U 2 5	British Government Ip to 5 years (26) 5-15 years (27) Wer 15 years (9)	121.80 136.67	+0,07	121.72 136.57 145.76	2.72 1.78		6 7 8	(0%-73,%) 20 years	9.29 9.70 9.35 9.31 9.91	9.29 9.72 9.36 9.32 9.93 9.42	9.96 10.81 10.32 10.16 10.93 10.51
-1-	redeemables (6) (1) stocks (68)					0.00		(11%-) 20 years	9.35 9.53	9.35 9.53	10.30 10.24
6 U	ndez-Linkei p to 5 years (2) wer 5 years (9) II stocks (11)	148.93	+0.38		1.00 0.83 0.85	0.00 0.00 0.00	끊	Inflation rate 5% Up to 5yrs. Inflation rate 5% Over 5 yrs. Inflation rate 10% Up to 5 yrs. Inflation rate 10% Over 5 yrs.	3.99 4.32 3.36 4.15	4.03 4.35 3.40 4.17	3.93 4.17 2.66 3.99
}-	eks & Lazars (62)			116.07	2.43	0.00		Belis & 5 years Leans 25 years 25 years	11.07 10.90 10.73	11.08 10.90 10.73	12.63 12.37 12.14

Totals							399	7:	50	1,6
EQI	JITI	ES	Ľ	DNE	ON RECENT	ISS	UE	3		
Issue Price	Anriat Paki P	Latest Research Date	19 High	91/92 Low	Stock	Clasing Price	+gr	Biet. Dije	Times Cor/d	Gross P/ Yleid Rz
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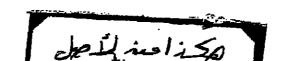
issue Price	Apactual, Paid	Latest 1991/9		/92	Sect	Clasing	١.
3		Date	Hilgh	Lee	1	Price £	l
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RIGHTS OFFERS										
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1114	順	-	41 ₂ 200	300	Do. Stod. Pf	400a	-1			
	\$41 Kiri	-	Lam 19pm	1542m	Totteshare Hotspur	, in				
					estimates. d Ofricens rate paid or payable adead and yield. o Earnboys based on pre-					
Laborates to	raine a	firld as	TP19256 II	1007.01	Hell at provide year's gardings, F Dividend I Philippoi and which bound an improved		200 aq			
rieid based o	10 DECEMBER 1 TAAT F	स्थापन वर्षात स्थापन वर्षात	پرواندهانند م اداءائلہ د	disident, c Charles for	over and fife travel on latest annual corein; • 1991-92. If Orbitant and visid bound on i	ps. W District	الالا (150 مدانه د			
- COLUMN 1451	mak w	Pan Faran	د جحما ه	L Marie II	ised dividend, cover and pile ratio based on a bodiers of ordinary shares as a "rights"					
120000 pro	E Price #	à presile	ur _e pans b A neilgini	ו کائٹا ہوا ہوات امر ما ہوات	narket. • Issued in connection with recryst rate luvestors. III (last compressing of 5 (in	eksetlen, ma Os abel 1 W	मासार स्वरंग (र			

TRADI	TION	AL OPTIONS
First Dealings Last Dealings Last Declarations	Jan. 6 an. 17 Apr. 2 pr. 13	Calls in Amstrad, BTR warras '95/96, Euro Dianey, Lasano, I Laba., Premier Cons. and Tulio Oil. Puts in Evode and Own Abroad. Put and call in Palon.

						
	10	<u> </u>	TRANSP ORTIG	N/0		
		MDON	TRADED OPTIO	m5		··-
Option	CALLS POTS Just Apr Jul Jun Apr Jul	Option	CALLS PUTS Feb May Any Feb May Any	Cytics	CALLE CALLE	
Alid Lynes (*628)	600 32 574 644 34 13 254 650 54 30 384 254 364 484	BAT Inds (*617)	600 2712 4212 4812 10 2312 3012 650 612 1812 2412 37 5012 60	Mildani Bk 200 (*212) 220		8 10 144 17 21 34
ASDA	700 4 14 -734 734 - 30 34 6 84 14 44 54	BTR (*400)	390 20 29 37 64, 161, 191, 420 54, 131, 22 23 33 351,	National Power 130		4 6 9
(32)	34 1½ 4 - 3¼ 6 - 40 4¼ 12½	Brit. Telecon (*329)	300 274 57 454 24 54 9 330 72 19 244 13 17 214	(*137) 140 Resters 1000	581, 931, 115	8 11 13, 40 55 63 ₂
Brit. Almays 17224)	200 24 32½ 36 ½ 4½ 9 220 6 19½ 24 4½ 11½ 13½ 240 1 10 14 17½ 20½ 25½	Cathery Sch (*442.)	420 34½ 44½ 57½ 7 18 22½ 460 13 <i>21</i> 37½ 25½ 37½ 42½	(*1012) 1050 R. Rayce 120 (*125.) 130		6 7 9
SmKi Bee daga A	_	Eastern Elec (*223)	220 21½ 17½ 230 5 12½ - 13½ 16½ -	Scattish	. 45 Gd 767	ed Dd D
1904)	800 105 125 145 ½ 64, 14 850 56½ 86½ 108 3 18 27½ 900 20½ 54½ 78½ 15 37½ 46½	Salazet	525 26 394 - 8 21 -	Denner 200	7 11 % 12 ½ 24 6 7½	4 5% 8 9% 11 12%
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B.P.	260 17 22 2 2 2 2 2 4 7 11	(*191) Haesno	200 34 84 11 11 12 16 180 20 26 27 1 34 44	(93) 100		•
(*275) British Steel	250 4 13 17 10 16 20 60 94 114 134 14 1 2	(*196.) LASMO	200 54 124 154 74 94 125		165 215 255 75 115 165	
1969) Bats	70 1½ 6 7½ 2½ 5½ 7 1000 34½ 70½ 86½ 4 18 29½ 1050 7 40½ - 26½ 57½ -	(*225) Lucas Inds	220 15 21 244 95 184 21 240 65 125 17 22 305 33		45½ 87½ 93½ 30½ 53½ 60½	65 115 195 21 27 385
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UK COMPANY NEWS

Dixons hit by rising losses in US

DIXONS GROUP, the electrical retailing company, yesterday confirmed it had joined that unhappy throng of UK retailers which have invested heavily in the US market without making a reasonable return.

Silo, its US chain acquired for £240m in 1987 and which operates 230 stores in 29 regional markets, yesterday revealed that losses had accelerated over the past six

months from £2.3m to £10.9m.
In spite of the company's promise that "determined action" would be taken to ensure a return to profitability. it is hard to see that the posi-tion can be quickly reversed. Dixons forecast that Silo would remain in loss in the second

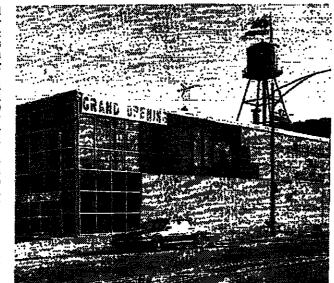
The severe retail recession has, of course, been the prime cause of Silo's difficulties and although overall turnover rose from £245.3m to £288.3m sales on a same-store hasis showed a 5 per cent decline.

Dixons has long promised drastic remedial action to turn Silo round but the problem only appears to have become

only appears to have become progressively worse.

Mr Stanley Ralms, chairman, argued yesterday that Dixons could apply the lessons it had learned from revitalising its

"We have battled against and overcome these problems



Silo: expected to remain in loss in the second half

in the UK and we have learned how to manage costs and mar-gins when sales are flat. I have no doubt that the benefits of this performance can be used to return to profitability in the US." he said.

"We are basically running the same business on both sides of the Atlantic. Silo and Currys have more in common than Currys and Dixons in the UK," he added.

Mr John Smith, retailing analyst at UBS Phillips & Drew, said there were three basic problems with Silo: "The whole US electrical market is very weak; the company's cost base is too high, and the mar-ket is suffering from massive overcapacity which is driving prices down.

Although the US recovery may pick up speed in the fore-seeable future and Dixons can take action to prune the cost base, the problems resulting from overcapacity will con-

from overcapacity will continue to plague many regional markets for years to come.

In the past Mr Kalms has hinted that Silo might withdraw from the worst-affected regions of the US market if they did not improve. Although the company did not repeat the suggestion vester. repeat the suggestion yester-day analysts believed it must

emain a distinct possibility. Mr John Clare, the newly-appointed group managing direc-tor, and his retail management group have been entrusted with the task of sorting Silo out. He immediately hinted that support functions would be centralised and pay struc-

And he bravely pinned his reputation on achieving such a turnround. "I know not many UK retailers have succeeded in the US but I would just ask you to watch this space."

United Energy in £7.3m counter offer for AmBrit

UNITED ENERGY, the USM quoted oil and gas group, has made a recommended offer for AmBrit International which values the oil and gas exploration company at £7.3m and its

loan stock at £1.1m. The 9-for-32 offer values each AmBrit share at 11.1p while the 51 United Energy for £16 nominal loan stock offer values each £1 of loan stock at 126p. United Energy's white

knight offer comes a day before the closing date of a hostile bid from Pittencrieff, the Scottish oil production and communications group.
Pittencrieff now has until 5 pm today to announce whether it plans to extend its offer

period in order to make a higher bid to counter United Energy. Mr Michael Monroe, Pittencrieff chairman, said that United Energy's offers were The United Energy offer tencrieff

includes a cash alternative of 9p per AmBrit share and 102p per £1 nominal of AmBrit loan stock which values the whole of the AmBrit share capital at £5.9m and the loan stock at £900,000

AmBrit directors holding 6 agreed irrevocably to accept the recommended offers and holders of 5.7 per cent of this stock have agreed irrevocably to take new United Energy

Henry Ansbacher, the mer-chant bank, said the final offer compared with Pittencrieff's final offer for each AmBrit share of 8p cash or the equivalent of about 6.8p in new Pittencrieff ordinary shares.

Mr Alan Russett, AmBrit chairman, said the merger was "far better for our shareholders and employees than the hostile and inadequate offer from Pit-

CEI develops scheme to utilise US tax losses

By Richard Gouriay

CAMBRIDGE Electronic Industries, the medical products, control and instrument company, has developed a scheme to allow it to use US tax losses following its take-over last July of Tace, the environmental monitoring group, and its sister company Goring

But although the operations themselves may be similar the

structure of the markets in

which they operate is clearly very different. In the UK the

group can derive great benefits from being the market leader

controlling an 18 per cent share of all electrical goods sales. In the US the position is starkly different; Silo com-

mands less than 2 per cent of a

CEI is also changing its name to Graseby, a name used in 50 per cent of its sales prior

Mr Paul Lester, chief execu-tive, said the company was no longer centred on its roots in Cambridge where it demerged from Philips, the electronics multinational, in 1981.

Mr Bob Brown, finance director, said the tax scheme should allow the company to offset about \$15m (£8.2m) of past US tax losses against future profits made by the Andersen ing companies, which were part of Tace in the US. He said the integration of Tace and Goring Kerr had been completed without any significant surprises.

The source of most institutional investor criticism of the previous management had gone with the removal of most of Tace's head office

Mr Jock Mackenzie, Tace's former chairman, and Mr Dick Richardson, managing direc-tor, had commanded combined salaries of £500,000 and the company would be able to save £1.5m of the £1.7m head office ad this year.

Mr Brown said that CEI had been given considerable access to Tace's books which meant there were few surprises other than a possible higher tax charge relating to some acqui-sitions Tace made in the US.

of Ellin

redundancies

GrandMet expands US bakery operation

By Philip Rawstorne

GRAND Metropolitan, the drinks, food, and retailing group, has agreed to buy the frozen products division of McGlynn Bakeries, a leading company in the US bakery products industry.

City estimates value the deal, which will be funded by the issue of new GrandMet ordinary shares, at about \$140m (£76.9m).

McGlynn's frozen products division manufactures and markets a line of frozen

markets a line of frozen dough, batter, and pre-baked products, and pastrles and biscuits. It made profits last year of \$15m on sales of \$130m.

Mr Ian Martin, GrandMet's group managing director, sald the acquisition would complement the Pillsbury baked goods business in the US. "It provides a prime opportunity to gain critical mass in the growing US in-store bakery growing US in-store bakery growing US in-store bakery sector and it will help build the presence of Pillsbury by expanding the product line as well as adding significant

scale," he added. McGiynn, based in Minnea-polis, is privately owned. Its frozen products division employs more than 700 people.

Allied-Lyons seeks to acquire off-licence chain

Allied-Lyons, the drinks, food and retailing group, is negotia-ting to buy the Augustus Bar-nett chain of almost 600 off-li-cences from Bass, the UK's argest brewer, writes Philip Analysts estimate the deal

to be worth about £40m. The deal would greatly improve Allied's position in the £4.9bn take-home drinks market, recovering much of the ground lost to Whitbread after its £50m acquisition of GrandMet's Peter Dominic chain two months ago. That purchase reinforced

Whitbread's market leader-ship, adding 667 Dominic outlets to the 993 Thresher shops which it already owned.

Allied, which owns the near 1,000-strong Victoria Wine off-licence chain, would again run a close second to Whitbread if

Kewill shares tumble on news of problems at German side

By Alan Cane

THE SHARE price of Kewill Systems fell 30 per cent yester-day after declining sales at the recently acquired German sub-sidiaries forced the management to issue a warning. Mr Kevin Overstall, chair-

man of the Surrey-based computing services group, said the problems would cut at least tim from pre-tax profits this

The share price, which started the day at a 12 month high of 318p, closed at 225p, a fall of 93p.

fall of 93p.

The group, which specialises in software for manufacturing industries, made pre-tax profits of £1.69m in the first half of the year on sales of £21.5m; and Mr Overstall had thought both would half despite market conditions which are affecting profitabilwhich are affecting profitabil-ity at virtually every comput-

ing services company.

Analysts are now looking for profits for the year of £2m-23m, depending on the extent

to which the German losses are taken above the line.

The problem lies principally with Weigang MCS, a Stuttgart-based manufacturing systems software supplier, for which Kewill paid £400,000 ash last May. Kewill already owns the

profitable HAN Dataport group in Austria and the acquisition Weigang was seen as a way of speeding penetration of the

of speeding penerration of the European market. Substantial rationalisation was required, however, and Weigang's staff numbers were cut by 40 per cent, covered by a "fair value adjustment" made at the time of purchase. Mr Overstall said that sales of the company's manufactur-

ing software have since slipped because of a combination of poor marketing and slower poor marketing and slower market conditions in Germany. He said the fair value adjustment would not cover Welgang's losses; reorganisation at Kewill's German computagaided design activities would also take longer than planned. Mr Overstall and Mr Richard Broad, financial director, are making weekly visits to Germanical weekly visits to Germanical director.

making weekly visits to Germany. They intend to rebuild sales while cutting costs to match market expec Analysts said the German problems were disappointing but they retained confidence in Kewill's management which had produced respectable pro-its through the worst of the

If the recession receded, min imum profits for 1992-98 could be £3.5m.

Cost cutting helps Misys rise

By Alan Cane

MISYS, the computing services group, saw profits improve sharply in the half year to November 1991, the result of a sustained attack on costs over the past 12 months.

Profits before tax expanded from £1.52m - after exceptional costs of £645,000 - to £3.59m, on turnover down just over 2 per cent at £32.3m. Barnings per share rose to 7p (3.1p) and the interim dividend is lifted from 2.16p to 2.27p.

The group, which built a reputation for growth through acquisition in the 1980s, exturned to the tabaseme trail

returned to the takeover trail with the announcement of three deals yesterday.

Its largest purchase, worth £3.55m, is Innsite, a computing services company which pro-

vides software products for the hotel industry. The deal is being financed by the issue of 1.8m ordinary shares at 195p. It also spent £235,000 cash for the hardware maintenance business of Principality Systems and bought Computer Management Systems from the administrative receiver for £205,000 cash.

Innsite was established in 1981 by ADP, a US computing services company, and bought out by its management and institutional investors in 1987. With more than 100 staff, it is now one of the largest suppliers of hotel computer systems in the UK. Last year it made a pre-tax profit of £562,000 on revenues of £8m. said Innsite matched Misys commercial profile perfectly. It was a leader in a niche sector, profitable and resilient to downturns in its main busi-ness, much of its revenues being derived from software support, maintenance and Misys comprises a diverse

ever, left it with a debt of £1.7m which Misys intends to

assume from its own resources. Mr Kevin Lomex, chairman,

group of companies with com-puter services in common. Mr Lomax said that all were trading profitably with the exception of TIS Computing. Cash reserves were 26.9m at

the year end and Mr Loman said he was looking for further acquisition opportunities.

Goode Durrant slumps 50% to £2.64m

Poor strategy abroad, how-

By Peggy Hollinger

GOODE DURRANT, the coode burkant, the vehicle hire and housebuilding group, maintained its dividend in spite of interim pre-tax profits dropping more than 50 per cent, writes Peggy Hollinger.

Mr Michael Waring, chairman, said the interim dividend is being held at \$150.

is being held at 2.15p - covered 1.6 times - because of the board's confidence in long-term it acquired Augustus Barnett.

However, he warned that a recovery was further off than had originally been estimated. Pre-tax profits for the six months to October 31 fell from 25.83m to £2.64m on turnover down almost 27 per cent to

197.8m. Earnings per share tumbled from 6.5p to 3.5p. Winnedael, the hostile 25 per cent shareholder attacked the results as abysmai.

Mr Waring stressed the improved performance on the second half of last year when profits were £2m. He said the improvement followed reorganisation of the small commercial vehicle hire business. Housebuilding had had a

tough six months and motor distribution almost halved profits from £1.3m to

DFCI ARATION OF DIVIDENDS

UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the standard conditions relating to the payment of the undermentioned dividends, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of RS.1372 South African currency to S1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 7 January 1992 as advesed by the commaniest South African handess. 1992, as advised by the companies' South African bankers. The United Kingdom currency equivalents of the dividends are therefore as

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By order of the boards per pro GOLD FIBLDS CORPORATE SERVICES LIMITED London Secretz S.J. Dunning, Secretary

Dividend

London Office: Francis Street London, SW1P 1DH 9 January 1992

United Kingdom Registrar. Barclays Registrars Bourne House 34 Beckenham Road Beckenham, Kent, BRS 4TU

7.78634p

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Up to Yen 2,000,000,000 Floating Rate Notes due 1992 of which Yen 1,000,000,000 is issued as the initial tranche (The Series D Notes)

For the twelve months 3rd July 1991 to 3rd July 1992 The rate of interest for the Series B Notes has been fixed at 5.55 per cent. per annum and that the interest payable on the rest payment date 3rd July 1992 against Coupon No. 3 will be Yen 5,550,000 per Yen 100,000,000 Note.

In the same manner the rate of interest for Series D Notes has been fixed at 7.25 per cent, per annum and the interest payable on 3rd July 1992 against Coupon No. 3 will be Yen 7,250,000 per Yen100,000,000 Note. The Industrial Bank of Japan, Limited Agent Bank

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Hollas falls 29% to £235,000

THE HOLLAS Group, the specialist textile company, reported a 29 per cent setback in the six months to September 30 with pre-tax profits falling from £332,000 to £235,000.

Mr Tony Lawson, chairman, said that since the last annual report where he referred to the rapid and unprecedented deterioration in trading condition he could only say that, six months later, conditions were even worse with no sign of

Turnover declined from £19.5m to £18.5m. Earnings per share were 0.3p against 0.4p but the interim dividend is maintained at 0.6p.

The sale of shares in an asso-

ciated company gave rise to an extraordinary credit of

Refinancing talks under way at Regal

Regal Hotel Group is to call an extraordinary meeting as its assets are less than half of the capital. At the meeting it will be decided what, if any, steps should be taken to deal with

Directors of the USM-quoted company are in discussions with a view to a refinancing exercise, and would hope report progress on these at the meeting.

Hadleigh Industries moves into loss

A 20 per cent decrease in sales and exceptional charges of \$214,000 hit Hadleigh Industries, the industrial group connected with transport.

It ran into a pre-tax loss of £283,000 in the half year to September 30, compared to a profit most of the increase in turn- while losses from agricultural covered plant closure and The directors declared an

NEWS DIGEST

interim dividend of 1.25p, a result of the decline in farmers' reduction of 0.95p. Gearing rose from 44 per cent to 84 per cent mainly because of the purchase of Truckline. It should fall in the (£1.14m).

current six months. Sales were £14m (£17.5m) and operating profit came to £227,000 (£1.17m). Interest charges increased to £296,000 (£67,000). Losses per share were 2.5p (earnings 10.4p).

Bespak nears £3m on 46% increase

pre-tax profit increased by 46 per cent were reported by Bes-pak for the half year to November 1. The group makes speci-alised valves and other

engineering components As earnings rose from 9.7p to 11.9p per share, the interim dividend is stepped up from 3p to 3.5p on increased capital. From sales of £16.4m (£13.3m) operating profit grew 21 per cent helped by revised arrangements with CMB Pack-

aging for the exploitation of a flow-control device, resulting in the release to revenue of £300,000 pre-paid royalties. Pre-tax profit came to £2.98m (£2.04m), boosted by the virtual elimination of interest charges following the rights issue last

Move south lifts Sidney C Banks

A move into the south of England helped Sidney C Banks, the grain and agricultural merchant, boost both sales and profits for the six Mr Richard Banks, manag-ing director, said the acquisi-tion of Doltons, the agricul-tural merchant, had provided

DIVIDENDS ANNOUNCED

DITIONAL AND								
Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year				
1	Mar 20	1	1	1				
2,75	Apr 3	2.5	-	8				
3.5t	Feb 21	3	-	8				
0.75	Apr 10	-	•	1.5				
1.6	Mer 2	1.6	-	5.8				
2.15	Feb 13	2.15	-	5.4				
1.25	Feb 19	2.2	-	6.5				
0.6t	Apr 1	0.6	-	1.2				
2.27†#	Apr 3	2.16	-	5.67				
1.31		1.2	-	3.6				
104	Mar 9	10	-	25				
	payment 1 2.75 3.5† 0.75 1.8 2.16 1.25 0.8† 2.27† 2.27† 1.3†	1 Mar 20 2.75 Apr 3 3.5† Feb 21 0.75 Apr 10 1.8 Mar 2 2.15 Feb 13 1.25 Feb 19 0.6† Apr 1 2.27† Apr 3 1.3† Apr 30	Current payment dividend 1 Mar 20 1 2.75 Apr 3 2.5 3.5† Feb 21 3 0.75 Apr 10 - 1.8 Mar 2 1.6 2.15 Feb 13 2.15 1.25 Feb 19 2.2 0.6† Apr 1 0.6 2.27†\$\times\$ Apr 3 2.16 1.3† Apr 30 1.2	Current payment payment payment payment payment dividend payment 1 1 2.75 Apr 3 2.5 - 3.5† Feb 21 3 - 0.75 Apr 10 - 1.8 Mer 2 1.6 - 2.15 Feb 13 2.15 - 1.25 Feb 19 2.2 - 0.6† Apr 1 0.6 - 2.27† Apr 3 2.16 - 1.3† Apr 30 1.2 -				

Dividends shown pence per share net except where otherwise stated tOn capital increased by rights and/or acqu

Before Doltons, Banks had largely operated in the east of England. A squeeze on margins - the

> incomes and static market, said Mr Banks - beld back the rise in pre-tax profits to £1.25m The interim dividend is raised from 2.5p to 2.75p. Earnings per share rose to 11p (10p).

Increased midway deficit at Savills

Losses at Savills, the surveyor and estate agent, increased in the six months to October 31 and the interim dividend is again passed.

In "generally hostile trading conditions". Josses rose from £433,000 to £762,000 pre-tax on turnover cut to £11.8m (£14.6m). Breaking down the made operating losses of £259,000 (profits £428,000) on turnover of £5.05m (£6.64m)

NOTICE OF REDEMPTION

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Pursuant to peragraph 6 (b) of the Terms and Conditions of the Bonds, notice is hereby given that the Issuer will redeem the total

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Payment of interest due on January 31, 1992 and redemption of

principal will be made in accordance with the Terms and Conditions

Interest will cease to accrue on the Bonds as from January 31, 1992.

Luxembourg, January 9, 1992

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turnover of £6.76m (£8m). However, costs had been cut by 17 per cent, or some £2.5m. Losses per share emerged at

from £849,000 to £575,000 on

Steetley adjourns EGM until after bid At yesterday's extraordinary general meeting, Steetley shareholders carried a resolu-

tion to adjourn the EGM,

which had been called to

approve the proposed joint ven-ture agreement between the company and Tarmac. It was adjourned until Monday, February 24, which is one week after the final date by which Redland's bid for Steet ley must lapse under the cur-rent timetable, unless it has by then become unconditional as

Mr David Donne, Steetley chairman, continued to urge shareholders to reject Red-land's "inadequate" bid.

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in accordance with the provisions of the Notes, notice is hereby given that for the six month period, (182 days), from 9th January, 1992 to 9th July 1992 the Notes will carry interest at the rate of 4.275 per cent. per annum.

US\$216.13 per US\$10,000 Note and US\$2,161.25 per US\$100,000 Note. Chartered WestLB Limited

Interest payable on 9th July, 1992 will amount to

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niimų agamatą OFF FEEDOW . 1-1747-17-21 Mr. Marie Care $R_{MMR}, \mu_{H_1, H_2, \dots, H_r}$

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Me way

UK COMPANY NEWS

Rescuers of The European stay away from relaunch

MR CHARLES Garside, the The Environment of the European, made an eight the eight the European, made an eight the Maxwelli it so read doesn't have someone who doesn't have someone who doesn't he part their pictures in the paper said Mr Garside.

Merce dies 1.00 Neither Mr David nor me lained on 1.00 Neither Mr David nor me lained on 1.00 Neither Mr David now a lained on 1.00 hotels and ships and now a lained to meekly newspaper, burned up rel meekly newspaper, burned up h the say typesterday at the press confer-(yesterday at the press confer-The European was back in

> But Mr Alan Chamberlain the new managing director, promised that the pan-European newspaper, the first large piece of wreckage to float free from the wreckage of the Maxwell empire, would be highly successful.

Mr Chamberlain said ne would be producing business me to our all plans for the first three weeks, a long to three months and three years. It maded the made t n ists on a freelance basis. Then

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THE REST OF

Cassidy Brothers ahead by 44%

ingillieum (e. Cassidy Brothers, the USM-quoted toy maker, improved pre-tax profits by 44 per cent from 2458 154 to 74.2 TO COME 2.4. £658,898 in the six months to October 31.

Mr Thomas Cassidy, chairman, said that new product developments had produced



Charles Garside (left) and Alan Chamberlain: aiming to be highly successful by running the paper as a business

that it was run as a paper with

20 times the revenue it actually had," said Mr Garside.

collectively what he said were the thousands of readers who

The new editor also thanked

the hiring of staff on proper contracts would begin and Elan, the paper's third section, and the equipment needed to "We are going to run it like a business. The problem was would return as soon as possi-

The Barclay brothers, readers of The European who spend most of their time in Monte Carlo, have taken on none of the newspaper's debt and have bought just the title

extra turnover and placed the company in a strong position for the coming year. Turnover advanced to \$4.07m (£3.59m). Tax was little changed at £206,000 (£206,500) leaving earnings per share at 8.39p (4.77p). A maiden interim dividend of

0.75p is declared.

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Alexanders profits skid to £701,000

ALEXANDERS Holdings, the largest Ford main dealer in Scotland, finished the year to September 30 with a pre-tax profit of £701,000, compared to £1.9m previously.

As promised at the halfway

stage, the dividend is held at 1p. Earnings per share have fallen from 3.56p to 1.18p. Mrs Aleksandra Clayton. chairwoman, said the year had been characterised by the deep recession and record bankruptcies, many in the motor sector. Group sales fell to £85.4m (£92.7m).

However, the group contto ued to pursue a progressive medium term strategy. That was evidenced by the enhancement of facilities at Edinburgh and Kirkintilloch, and the provision of new premises at

She said additional directors would be appointed in 1992, and that would represent the next key phase in the business strategy and plan to optimise profit and growth as the economy recovers.

Since almost doubling its profit to £1.73m in the year 1987-88 the group has shown a steady increase

had written in expressing sup-port. "We didn't have the The setback this year fol-lows a £500,000 reduction at money to pay for the stamps to write to them," Mr Garside the halfway stage.

Used cars and after sales work curb Reg Vardy decline to 4%

By Jane Fuller

GROWTH IN the sales of used cars and in repairs and servicing helped to cushion Reg Vardy, the motor dealer, against the falling new car market in the six months to

Pre-tax profit slipped 4 per cent to £2.02m (£2.1m) on a near £2m increase in turnover to £95.6m. Interest costs rose to £721,000 (£651,000), although debt of £4.3m was wiped out in October by a £12.9m placing and open offer. Nearly £2m has been

invested in a Nissan dealership after Vardy won the first fran-chise from the Japanese manufacturer's new distribution The Tyne and Wear-based

group announced its results as the UK industry was digesting dismal figures showing that new car sales fell by 21 per cent to 1.59m units in 1991, nearly a third less than the 2.3m record set in 1989. Mr Peter Vardy, chairman

and holder of 53 per cent of the equity, reckoned that the new car market would start to grow again this year, gaining per-haps 10 to 12 per cent. However, because of political

uncertainty ahead of the Budget and the general election, the recovery would not benefit the group in its current finan-

He also estimated that interim pre-tax profits would have been about £500,000 higher had it not been for finance companies and banks tightening up on credit. "We used to get 80 to 85 per cent of deals accepted by finance companies; in this period it was 60 to 65 per cent." He claimed the

The bulk of Vardy's customers are individuals rather than companies. Mr Graeme Potts, managing director, said that three or four years ago, sales of new and used cars were roughly equal, now the ratio was three to one in favour of used vehicles in the private

sale of 1,300 new cars had been

Compared with the first half of last year, used volume car sales were 13 per cent up, com-pensating for a 7 per cent fall in new car sales. Altogether the group sold 12,365 (11,865) units from 18 outlets.

The amount of gross profit contributed by repairs and ser-vicing went up from 44 to 49 per cent, as poorly performing dealerships bought a couple of years ago improved.

About 60 per cent of sales and a much higher proportion of profit came from the volume dealerships led by Rover and Vauxhali.

The Anchor Ford division,

comprising two large sites at Wolverhampton and Reading, contributed about a third of turnover but only £300,000 operating profit - "nothing to write home about", said Mr Vardy, but he added that a group of Vardy's size needed to

be involved with Ford.

Specialist cars, including Rolls-Royce, Jaguar and Aston Martin, sold 8 per cent more units. Turnover totalled £17m,

but margins were thin. Earnings per share slipped to 4.22p (4.56p) with shares from the placing and offer in for a matter of days. For the full year, the average number in issue will go un from 21 7m ue will go up from 31.7m to

The interim dividend is increased to 1.3p (1.2p), a rise of 8 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends Official indications are not available as to whether the dividends are inferious or finals and the sub-dividends are inferious or finals and the sub-

FUTURE DATES

ECU BOND **ECU 3-MONTH** UBS Phillips & Drew Futures Ltd **Banque Nationale** (on behalf of de Paris plc UBS Phillips & Drew Securities Ltd) ECU BOND **ECU 3-MONTH** Istituto Bancario Istituto Bancario San Paolo di Torino Spa San Paolo di Torino Spa ECU BOND **ECU 3-MONTH** Swiss Bank Corporation Kredietbank N.V. **ECU BOND ECU 3-MONTH** ECU BOND **ECU 3-MONTH UBS Phillips & Drew NatWest Futures Ltd Futures Ltd** Deutsche Bank Capital (on behalf of (on behalf of Markets Ltd Tokai International Ltd National Westminster Bank pic) **Union Bank of Switzerland)**

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OIL PRICES tumbled yesterday to the lowest levels since the end of the Gulf war last February as traders reacted to the prospect of the return of Iraqi oil to the market. The price of North Sea Brent crude for February delivery fell \$1.12½ to \$17.05 a

An Iraqi delegation met offi-cials from the United Nations yesterday in Vienna for the first of two days of talks on a resumption of Iraqi exports. which up to now has been blocked by a UN embargo. The talks, which have been described as "constructive" by a UN official, are seeking a compromise under which Iraq could export \$1.6bn-worth of oil to raise cash for humani-tarian purposes. On Monday President George Bush was rumoured to have relaxed conditions attached to the sale.

The possibility of an Iraqi

return to the international market has further depressed an already weak market. Prices have declined by almost \$6 a barrel in the past six weeks as winter weather in the west has remained unusually mild. Gas oil, the traditional Euro-

pean heating oil, slipped by \$10 a tonne yesterday to \$156 a tonne. Companies and consum-ers had built stocks in anticination of a harsh winter and a

rapid decline in deliveries from the former Soviet Union, neither of which materialised. The collapse in oil prices has prompted calls from some smaller producers in the Organisation of Petroleum Exporting Countries for an emergency meeting to cut production. Opec members have

been producing flat-out to compensate for the absence of Iraqi and Kuwaiti oil. In an interview with a government newspaper yesterday. Mr Osama al-Hiti, Iraq's oil minister, accused Saudi Arabia and the United Arab Emirates of flooding the mar-ket to keep prices low "in ser-vice to the US economy".

Iraq-UN talks depress oil price Banana producers seek accord on EC access ware producers seek accord on EC access was a second of EC access was a se

Canute James reports on moves for a joint Caribbean/Latin American stance

ITH LESS than a year to go before market is deregulated, Caribbean producers, who are seeking a continuation of trade ferences, and Latin American exporters, who are opposed, will meet tomorrow to discuss a common approach.

discuss a common approach.

The meeting, to be held in Belize, follows discussions at a recent Central American summit in Honduras. Mr George Price, the prime minister of Belize, which is a member of the Caribbean Community, said the Latin American leaders were "sympathetic" to the concerns of the Caribbean producers, and to their fears of ducers, and to their fears of losing their European market share to Latin American fruit. In spite of this, Mr Price said the Latin American producers "were lined up for a tariffica-tion solution" in the European banana market. There was, however, an indication from the Latin American producers

Caribbean bananas.
"We are cautiously optimistic that with the goodwill displayed to date, a positive signal can be sent from this meeting,"

that they would support a special mechanism to protect

That the meeting is being convened is significant, given the degree of hostility that Caribbean producers have dis-played towards the Latin

By David Blackwell in Oxford

offer by Chiquita Brands, one of the leading Latin American producers, to co-operate with the Caribbean states in finding or present".

The challenge remains an acceptable approach to the European market was immediately dismissed by Mr John

Compton, the prime minister of The Caribbean states are still hoping that since they will be unable to compete with deregulation of the European market should not place any of the producers "in a less favourable situation than in the past

about reconciling the Euro-pean Community's obligations to the producers with the sin-gle market," said Mr Anthony Fairclough, a special adviser to the European Commission.

The Caribbean producers supply about two thirds of the bananas consumed in Britain, but less than 15 per cent of the 3.4m tonnes consumed each year in the EC. More than half of Europe's imports come from Latin America.

Caribbean leaders argue that in spite of the small size of their industry, it represents the main economic pillar of

Caribbean growers, with their small plots and higher wage bills, cannot compete with the Latin Americans' large plantations and low costs

in an open European market, the European Community will find a method, which has been promised, to guarantee the region's market share. The hundreds of small farmers in the Caribbean islands, working on small plots and paying higher wages, cannot compete with the large planta-

tions and low labour costs of Latin American producers. But there is still no indication from the European Com-munity as to what method will be used to meet Caribbean concerns. The banana protocol of the Lomé Convention, a trade and aid treaty between the EC and several developing countries in Africa, the Caribbean

"The circle which has to be squared is how to organise the market whilst allowing the market itself to operate as competitively as possible. How do we ensure that banana producers from all sources

he leaders of Caribbean banana producing countries are equally uncer-tain about the method the EC will use to guarantee their access in the face of the European shift towards deregula-"The Europeans must find a way in which we can sell our bananas as we do now." concluded Miss Eugenia Charles, the prime minister of Dominica. "They must find a way or we will cease to exist."

Farmers told to group together to market produce

to protect the region's market share after the end of this year would cause severe social and political damage. The prime minister of St

Lucia has attempted to soften European hearts by criticising the morality of banana produc-tion in Latin America. "The Caribbean producers will employ every diplomatic device to ensure that we maintain our position in the market and are not driven from it by unbridled competition in a playing field which is by no means level, and where we compete at disadvantages by paying a living wage to our workers," Mr Compton argues. He says trade unions and

farmers' organisations are

"hallmarks of civilised soci ety", and suggests that.
"Europe must realise that,
cheap benanas have a social. cost to the people of the comb, tries in which these chesp bananas are produced.

bananas are produced.

Unless there is an early indication of what the EC proposes, the Caribbean banana
industry could lose out as manketing companies look else, where for supplies. Mr Ray Hil-bourne, a director of Geest Industries, which markets windward Islands bananes, said there are "enormous" distinculties for the marketing companies in making forward. plans in the current state of uncertainty. The implication is that the companies may be forced to look to other sources, such as Latin America.

This Friday's meeting notwithstanding, there is underlying disagreement between the Caribbeans and Latin. Americans about the best solutions tion to the EC's dilemma.
According to Mr Jorge Assosion, an adviser to the Guatemalan economy ministry, the Guatemalan government abide by its principle to create a totally free market, based on free trade and with no prefer. ences and subsidies.

"It is outrageous that Latin American producers are not able to sell bananas to Speto. which is their historic colonial. power," Mr Asension said.

Reynolds predicts further cuts in aluminium capacity

By Kenneth Gooding, Mining Correspondent

PRIMARY ALUMINIUM production outside the former communist countries is likely to fall by more than 3 per cent this year and further capacity cuts must be expected, says Mr Lloyd O'Carroll, corporate economist at Reynolds Metals, the second-largest US alumin-

ium group.

He suggests in a report pre-pared for Reynolds that another 200,000 tonnes of capacity - equivalent to one arge smelter - will be shut this year on top of the 929,000 tonnes of cuts already nnounced as the west adjusts to the steep increase in exports from the former Soviet Union.

Mr O'Carroll sees western world aluminium output falling from an estimated 14.79m tonnes last year to 14.340 tonnes in 1992 before recovering to a record 15.2m tonnes in

He suggests that exports to the west from the former Soviet Union will ease back a little, from about 900.000 tonnes in 1991 to 700,000 tonnes this year. This will help reduce total supply by 5 per cent, from 15.96m tonnes to 15.191m

Meanwhile, demand in the west, which levelled off last year, is forecast to resume its growth and increase by 4 per cent in 1992 to 15.576m tonnes Western World Primary Aluminium Supply and

_		_	D tone				
	1993	1992	1991	1990	1989	1988	1987
Demand	16,665	15,576	14,981	14,903	14,682	14,333	13,818
Production*	15,467	14,607	15,105	14,616	14,485	13,883	12,952
Total Supplyt	16,042	15,191	15,960	14,988	14,674	14,478	13,372
Ending stocks	2,399	2,847	3,254	2,332	2,125	2,133	1,981

and then by another 7 per cent He estimates that western world aluminium consumption last year would have remained at the 1990 level had it not been for the unification of Germany. The old East Germany accounted for all the 80,000 tonnes, or 0.5 per cent, rise. The forecast increase in

demand in 1992, the production cuts and a small fall in Soviet exports will push stocks down by 385,000 tonnes for a "mod-est" improvement in the supply-demand balance, Mr O'Carroll suggests. He estimates that at the end

of 1991 stocks were about 1m nigher than in December 1990 at 3.25m tonnes or roughly 80 days of supply – the highest since 1985. This implies that without the Soviet exports the supply and demand would

have been roughly in balance last year.

He points out that there is a present about aluminium supply and demand. "The additional production great deal of uncertainty at and timing of those cuts is unknown. Additionally, relatively little is known about the Soviet situation. Depending on what one believes about those two elements, one could be either somewhat more pessimistic or much more optimistic

Mr O'Carroll admits that a separate "western world" clas-sification for the aluminium industry is becoming an outdated concept. But "unfortu-nately, statistical data from the former communist countries is not sufficient in either quan-

THE UK supermarkets, often castigated in the farming press, should be seen "not as an impediment, but as a neighbour", the Oxford Farming Conference was told yesterday. Sir Alistair Grant, chairman of Argyll, owners of Safeway, told the 400 delegates that the size of the supermarkets led to pressure to find and develop than our own forecas new products. Whereas 30 years ago the average super-

market stocked 800 or so items, a typical store now stocked 15,000 items. But farmers would have to

ners, Sir Alistair said. "As a 55hn multiple retailer we can-not realistically deal directly with a vast number of raw material producers."

and the Pacific, says that the

If the producers organised themselves into larger groups, increased size would give them more competence and clout in their trading relationships with both customers and their own suppliers.

"As a retailer, the last thing I want is a weak supplier," he

While well conceived, good value, quality products would always sell given an assured

supply. UK producers all too often missed market opportunities. "The enormous food and drink trade gap is the clearest evidence of this," he said, echo-ing remarks made by the prime minister at the conference din-

ner earlier this week. Since the second world war two factors had held back the UK farming industry's marketing. First, agricultural policies had helped farmers prosper by concentrating on a narrow range of commodities. Second, the large size of a typical UK

union was posturing and was

duce just enough cash flow to finance new equipment with-out having to co-operate with other producers. The challenge now was to

find new ways of both reducing input costs and adding value. "To do this, farmers need to achieve critical mass both as buyers and sellers, and this will mean that new forms of organisation will be needed for all but the very largest farming enterprises," Sir Alistair said. Mr Andrew Logan, a farmer and a founder of a food produc-

tion group in Fife, Scotland, said the supermarkets were

copper at all its stages of pro-

We must love our customers."

The supermarkets had taught the grower his job in marketing, "forcing him to produce a quality article packed and presented in such a way as meets the demands of the most. discerning customer It was imperative, however,

both bullies and ruthless. But, he asked, "what other industry...

would criticise its customers?

that producers grouped, together to achieve sufficient, size to deploy the marketing. skills and finance the resources required to be the supermarkets' supplier.

Date set for sugar's return to floor trading

By Our Commodities Staff

Exchange will revert to floor trading on January 17. The market moved from

open-outcry trading on to the exchange's screen-based system on January 11 last year in an attempt to reverse a worry-ing decline in the number of lots being traded. The move was encouraged by the conlaunched in 1987.

However, raw sugar trading and, after studying returns from a questionnaire distributed to members of the sugar market, the exchange decided in September that it should Mr Michael Overlander, the

RAW SUGAR futures at the tinuing success of the screen- chairman of the London sugar London Futures and Options based white sugar contract, market committee, said yesterday that five sugar trading companies and an assortment of locals (traders operating on their own account) would staff the raw sugar floor.

Traders said the five companies were Sucden (UK), Refco Overseas, GNI, Credit Lyonnais Rouse and Pierson

Copper price hits 1988 low but recovers on strike fears By Kenneth Gooding

WORLD COMMODITIES PRICES

up, 99.7% parity (\$ per tor

LONDON METAL EXCHANGE

THE DOLLAR price of copper, the world's most heavily-traded metal, dropped to its lowest level since August 1988 yesterday. However, the fall was partly reversed in late trading by news that miners in Chile, the world's largest cop-

per producer, might go on strike. Analysts suggested the metal's price had some way to fall before it reflected the true state of supply and demand in the market. fallen by £26.50 a tonne or 2 per cent in the past three days. the market. For much of last year the price was held up in a market

support operation by Sumitomo, the Japanese trading house, but this support has now apparently been removed. Copper for delivery in three months touched £1,149.50 a tonne at one point yesterday before it recovered to close at £1,153.75, down £3.50 on Tuesday's close. The price has

threat Chile's Copper Miners' Confederation is threatening to

strike if the government goes ahead with plans to speed up for some years but have become a much less important development of the country's consideration during the recesnatural resources by allowing private companies to take con-Mr Phillip Crowson, chief trol of some of the ore reserves economist at the RTZ Corporaof Codelco (the state-owned Chile Copper Corporation). tion, the world's largest mining company, suggested recently that there should be enough Some analysts suggested the

unlikely to carry out the strike duction to satisfy demand. Interruptions to supply have larged the corner industry plagued the copper industry 1992, even when account is tive supply disruptions," he

ON HEALTH

dition

Against this background, said Mr Crowson, "copper, prices will tend to equate to the marginal cash costs of production of those mines which are sensitive to the balance between prices and costs".

MARKET REPORT

TRADERS WERE predicting a test of upside resistance in the aluminium market after a strong performance at the London Metal Exchange yesterday. They attributed the rise to a heavy bout of trade buying in the morning, and in spite of having to absorb a profit-taking in the afternoon, the three-months position closed \$9.75 higher at \$1,143.25. Zinc prices continued their rally with the cash position adding the \$9 to Tuesday's \$11 rise. Traders on supplies for February delivery, which had been easing, flared up again, prompting a wave of short-covering. At the London bullion market the scare about

London Markets SPOT MARKETS

Crude oil (per barrel FOS)

Dubai	\$14.40-4.450	925
Brent Blend (dated)	\$17.20-7.35	
Brent Blend (Feb)	\$17.00-7.10	
	\$18.05-8.10a	
W.T.I. (1 pm est)	916703-0- IAA	-1-20
Off products (NWE prompt delivery per la	onne CIF)	+ or -
Premium Gasoline	\$197-201	-2.5
Gas Oil	\$162-163	-8
Heavy Fuel Oil	582-63	-6
	302-03 5179-181	-7.5
Naphtha		7.3
Petroleum Argus Estimates	·	
Other		+ or -
Gold (per tray ez)	\$350.30	+ 0.65
Silver (per tray oz)-	396.0c	+0.5
Pietinum (per troy cz)	\$335,75	+3.65
Patiadium (per troy oz)	\$79.75	+0.50
	3/6.10	
Capper (US Producer)	98.43	-1.55
Lead (US Producer)	37.375c	
Tin (Kusia Lumpur market)		-0.17
Tin (New York)	256.00c	~
Zinc (US Prime Western)	62c	
Cattle (live weight))	107.33p	+1.32*
Sheep (live weight)t	101.60p	
Sideop (live molecula)	82.93s	-4.08*
Pigs (live weight)†	02.34P	~.00
London daily sugar (raw)	\$216.0t	-5,0
London dally sugar (white)		-2.7
		3.0
Tate and Lyle export price	5222.U	4.0
Barley (English feed)	£124.0	
Matze (US No. 3 yellow)	£147.5	
Wheat (US Dark Northern)	£101	
Rubber (Feb)♥	48.500	+0.25
		+0.25
Rubber (Mor)♥	48.75p	
Rubber (KL RSS No 1 Feb)	214.5m	-0.5
S all mailtenance		
Coconut oil (Philippines)§	\$760v	
Palm Off (Maleysian)§	\$385.0y	
Copra (Philippines)§	\$495.0t	+30.0
Soyaboans (US)	£140.5	-0.5
	61.30c	+0.35
Cotton "A" index	61.300	TUJU

President Bush's health pushed the gold price to \$351.40 a troy ounce at one point. But as conce eased the price fell back to \$350.30 an ounce, up 65 cents on the day. Dealers said gold was as technically oversold with good physical demand underplaning the market. Robusta coffee prices were firmer at the London Futures and Options Exchange, with the March position closing £16 up at 2548 a tonne. However, dealers said there was disappointment at the failure to break through Σ550 and described market activity reached four-month lows before

finishing little changed. Compiled from Reuters BUGAI Mer Mer May Aug Oct White Mar May Aug Oct Dec Dec Mar May Turnov White 2 Parks 46 Feb Mar Apr May Jun Jul Aug Sep IPE Ind Jan Feb Mer Apr Mey Jun Jul Aug Sep Turnove wool
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COCOA - London FOX £/tonne 716 702 742 730 768 767 791 781 825 817 888 848 712 736 764 766 823 852 870 868 906 904 905 902 Turnover: 9841 (8181) lots of 10 teames ICCO Indicator prices (80Rs per tonne price for Jan.7 900.78 (920.98) 10 day of for Jan.8 984.94 (964.47) COFFEE - Landon FOX Close 1025 1008 1003 1017 1029 1043 1027 1014 990 1007 982 1019 1013 962 980 994 1006 1020 Turnover:2324 (780) lots of 5 tonnes ICO indicator prices (US cents per pound) to Jan.7: Comp. daily 82.25 (61.82) 15 day average 119.8 121.0 120.5 138.0 138.0 137.1 22 (23) lots of 20 tonnes.

Close Previous High/Low

Previous High/Low

Previous High/Low

117.00

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HightLow

Hous High/Low

108.0 108.5 108.4 110.0

withings	BOIL IN	16 fd: 9				
R - Lond	- HOY	(\$ per tonn	Turnov	er-2324 ((80) lots o	f 5 to
Ciose	Previous	High/Low		Comp. de	rices (US illy 82.25 (61.62
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er: Raw 30	350) lot	s of 50 tonnes.		Close	Previou	6 HI
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lex 18.15	18.07	1725 (7.10	Turnov —	er 206 (21	6)	
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		le on January 8	===	Close	Prev.	Lile
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1119-20 1143-3.5 1109-10 1133-4 Copper, Grade A (£ per tonne) 1124,5-5.5 1153,5-4.0 Leed (E per tonne) Cesh 281-2 3 months 292.5-2.75 Mickel (\$ per tora Cash 7250-60 3 months 7350-5 Tin (\$ per tonne) \$/tonn 5480-90 5535-40 Cash 3 months Cash 1136-6 3 months 1105-6 1127-9 1098-9 ng £/\$ rain: SPOT: 1,8720 3 months: 1,8421 Gold (fine oz) \$ price £ equivalent 350.10-350.50 350.50-350.90 350.30 350.80 كالأطفا وددا 3.45 3.40 3.35 p/Ene oz US cts equiv 394.50 396.25 402.00 409.80 \$10/Index point \$ price treiaviupe 3 187.00-187.50 192.50-193.00 46.00-45.50 350.50-351.50 361,00-362.00 lum (99.7%) Strike price \$ tonne Mar Jun Mar Jun 128.00 125.75 3 34 113 128.75 128.50 132.10 132.00 49 15 Copper (Grade A) 122.00 122.10 122.00 124.00 123.00 14 55 129 umover: Wheat 211 (124), Berley 67 (35). umover lots of 100 Tonnes. 58 26 103 - London POX (Cash Settlement) p/kg 700 725 750 10 19 32 46 34 26 Feb Mar Fab 1750 73

Chicago HEATING OIL 42,000 US galls, cents/US galls (Prices supplied by Amalgameted Metal Tradical AM Official Kerb close Open Interes Latest Previous High/Low Total daily turnovar 19,277 lob Previous High/Low 1114/1118 1147/1132 1114-4.5 1136.5-7.0 556/6 558/0 564/0 572/4 575/4 576/0 581/2 590/0 Jan May Jul Aug Sep Nov Jan 585/0 566/0 587A) 567/0 568/2 565/0 573/0 577/2 579/0 582/2 583/0 585/4 572/0 580/0 684/0 586/2 581/2 698/4 turnover 22,394 lots 572/2 580/4 584/0 586/4 581/4 598/4 1110-1 1140-1 1157-8 133,634 lots Total daily turnover 4,184 lots 281,25-1,5 293,8-3,5 283.25-3.75 15,558 lots Close Previous High/Low 1215 1255 1288 1318 1381 1399 0 1405 1467 0 1178 1208 1248 1276 1325 1385 0 1405 1467 SOYABEAN OIL 60,000 lbs; cents/lb 18.79 19.02 19.32 19.60 19.77 19.85 19.86 20.25 18.68 18.67 19.15 19.45 19.61 19.72 18.60 18.63 18.67 4,736 lots 18.40 19.65 19.80 19.91 19.94 19.17 19.48 19.65 19.80 19.86 20.15 1108-9 41,060 lots 20.12 6 months: 1.8193 SOYABEAN MEAL 100 tons; S/ton Previous High/Los 79,75 82,25 84,80 87,55 91,05 94,20 97,75 New York 172.4 171.9 171.9 173.3 174.1 175.0 180.0 171.5 171.1 171.8 173.8 174.5 175.5 186.5 191.0 Jan Mar May Jul Aug Sep Oct Dec 174.5 174.2 174.8 176.7 177.5 178.5 191.8 193.0 GOLD 100 tray az.; \$/tray az. Close Previous High/Low 360.5 351.5 352.4 363.5 355.5 367.6 359.4 361.4 363.4 349.5 350.5 351.5 352.7 354.8 356.8 358.7 360.8 362.9 SUGAR WORLD "11" 112,000 lbs; cents/lbs 253/0 259/4 264/2 262/6 261/6 265/0 272/0 256/2 261/2 250/4 256/2 265/2 270/4 PLATINUM 50 troy oz. S/troy oz. Previous High/Low 336.8 387.5 339.2 344.5 346.7 333.1 383.8 335.5 340.8 342.0 336.0 336.2 338.0 344.0 0 335.0 334.5 337.0 344.0 COTTON 50,000; cents/th Close Previous 60,43 62,02 83,18 64,50 64,71 66,10 60.30 61.80 63.00 64.16 64.50 65.96 Mar May Jul Sep Dec Mar 404/4 381/6 345/4 347/6 357/4 358/0 398/2 376/2 342/6 346/8 354/0 357/0 SILVER 5,000 troy oz; cente/troy oz. 408/0 382/4 346/0 349/0 357/4 358/0 392/4 573/4 559/0 343/0 352/0 357/0 394.6 395.6 397.0 400.3 403.4 406.5 411.3 413.1 416.5 420.2 391.7 392.8 394.2 397.6 400.7 403.8 408.5 410.2 413.6 417.3 0 393.0 398.0 400.0 406.0 406.5 413.0 LIVE CATTLE 40,000 lbs; or ORANGE JUICE 15,000 lbs; cents/lbs 73.37 74.15 69.45 67.20 67.65 66.60 161.30 151.80 152.50 152.50 152.50 142.95 142.95 142.95 73.75 74.32 69.37 67.25 67.65 68.50 73.30 73.90 69.20 67.96 67.30 68.40 74,50 74,60 69,77 67,55 67,77 66,65 152.90 153.90 154.25 154.50 153.50 0 142.50 0 152,10 151,75 152,50 153,50 153,50 0 142,00 93,90 94,30 94,55 94,75 94,90 95,15 95,35 95,40 95,40 95,40 Jan Feb Mar Apr May Jun Jul Aug Sep Oct 94.45 94.85 95.15 95.30 95.45 95.76 95.80 95.80 LIVE HOGS 40,000 by cents/fbs Provious High/Lou 39.96 39.07 44.87 44.82 43.07 40.40 42.95 43.97 40.40 38.45 44.75 44.96 40.25 40.65 43.20 44.15 39.70 36.55 41.80 44.32 42.50 40.19 42.60 43.60 38.72 43.22 44.32 42.55 40.10 42.55 43.95 95.85 0 CRUDE OIL (Light) 42,000 US galls \$/barrel REUTERS (Base: September 18 1931 - 100) Jan.S. Jan.7 mnth ago yr ago Latest 1585.1 1586.5 1610.3 1660.7 18.10 18.11 18.22 18.28 18.38 18.55 18.69 18.84 18.72 18.78 18.78 18.96 17.85 17.90 18.05 18.25 18.38 18.30 DOW JONES (Best: Dec. 31 1974 - 100) 35.35 35.80 36.87 37.25 36.80 Feb Mer May Jul Jul Jul Jan.7 Jan.6 mnth ago yr ago 35.25 36.65 36.60 36.95 36.47 36.72 \$7.85 \$7.96 \$6.80

LONDON STOCK EXCHANGE

Share prices rally from early setback

By Terry Byland, UK Stock Market Editor

THE DIVERSE pressures at present acting on UK equities were clearly displayed in the market's performance yestermarket's performance yester-day. A firm, if uncertain, open-ing by Wall Street, after Presi-dent Stash's collapse in Tokyo was escribed to nothing more serious them gastric influenza, prompted a substantial recov-ery in UE shares which had been falling heavily on ster-ling's weakness.

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been falling heavily on ster-ling's weakness.

The Footsie, already down by ground 30 points, initially extended its lost as the news from Tokyo seemed to open the way for a beavy fall on Wall Street. At worst, the Footsie was down by 41.6 at 2,441.8 alibough trading volume at this stage was fairly modest. The UK market rallied abruptly in late afternoon but traders were cautious of giving

although the Dow was up by 18 Dow points in UK trading hours. Further details of President Bush's illness came just as a substantial trading pro-gramme, weighted to the buy side, unrolled across the range of Footsie stocks.

Account Dealing Dates

Jan 24

count Day: Jun 20 Feb 3 Feb 17

all the credit to Wall Street,

Tien-time dealings may take place from 8.50 am two business days certier.

Feb 6

Test Dealings Dec 30 Jan 13

Opiica Declarations: Jan 23

By the close, the FT-SE Index had recovered to 2,467.1, with the day's loss reduced to 15.8 points. Equity strategists pointed out that the pound was

increase in business volume in the final two hours could be put down to the trading programme. Seaq volume finally totalled 505.3m shares for the session, against 478.3m on

Tuesday.
The first half of the session presented a universally bleak appearance, with sterling's weakness accompanied by wider concerns over the recession in the UK economy. The depressive mood was set by confirmation that British Steel is closing its steelmaking plant in Ravenscraig, Scotland. However, there was slightly

better news on the retail front from Dixons, the consumer electronics retailer, which said that, while US business had disappointed, domestic trade

still challenging its ERM lows at the close and that a sudden ing season and in the early set the tone for this morning's weeks of this month had been "well above" last year's.

This helped retailers, and some bank shares also tried to steady from recent losses. But across the broad range of the market, shares were weak again, with oil and insurance stocks extending this week's

Some profits were being taken yesterday ahead of the close tomorrow of the equity market trading account. This week's slide in the market had trimmed the gain on the account to around 20 Footsie points at yesterday's lowest levels. Traders were a little wary of the rapid recovery in share prices in late trading and will be watching keenly to see how Wall Street behaves over-

FT~A Ali~Share Index

4

opening in the London stock market. At Kleinwort Benson Securi-

ties, Mr Trevor Langharne remained very cautious about the market in the near term commenting that domestic forces remain weak.

Trading remained stock selective, and the FT-SE Index was helped by sharp rises in British Aerospace and Glaxo, two stocks which moved in opposite directions last year. Claxo, the star of the London market, continues to attract US as well as European buyers. Aerospace, which suffered heavily last year for its rights issue move, has begun to refocus on prospects for the £2.5bn defence contract with Saudi Arabia.

depressed the Burton share price, which slipped 1% to 35%p. Closing turnover of 2.4m in Burton indicated the shares

were still kicking around as

The recently somewhat

amazing performance of Reed

International was checked yes-terday. The shares had risen

more than 50p since mid-

December, but yesterday they fell 23 before closing 10 off at

528p. There were suggestions

that one securities house had

cut its profits estimate, and

that other cuts were in the

Holiday groups again slipped

back on fears of a price war, Airtours losing 14 to 813p and Owners Abroad 5 to 98p. How-

ever, many in the market feel

the war is a phoney one and that the sector remains funda-

Smith New Court yesterday upgraded Airtours, forecasting

A buy note on Granada Group from broker Carr Kit-

cat & Aitken sent the shares

ahead 7 to 204p.

A tight market in Rank

Organisation left the shares 9

up at 613p. Confidence that the

group would pay its final divi-dend at the end of the month

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options,

MARKET REPORTERS:

profits of £36.5m for 1992.

mentally strong.

helped sentiment.

Christopher Price,

Steve Thompson.

Peter John,

the market closed.

87.94 82.17 127.4 48.18 (18/9/91) (2/1/91) (9/1/35) (3/1/75) 97.89 97.76 97.65 97.41 97.15 91.05 2108.3 1606.3 2108.3 222.8 127.0 734.7 43.5 (11/7/91) (22/2/91) (15/2/83) (28/10/71) 2467.1 2482.9 2493.2 2504.1 2692.8 FT-SE 100 Share 2679.6 2054.8 2679.6 986.9 (2/9/91) (16/1/91) (2/9/91) (23/7/84) 1198.60 938.62 1198.60 938.62 (3/9/91) (16/1/91) (3/9/91) (16/1/91) Ord. Div. Yield 4.80 4.85 7.20 7.28 17.46 17.27 Basis 100 Govt. Secs 15/10/25. Flood Int. 1928. Ordeany ● Earning Yid %(full) ● P/E Ratio(Net)(☆) 7.24 17.37 7.18 17,51 1/7/25, Gold mines 12/9/55, Busis 1000 FT-6E 100 31/12/53 & FT-6E Euroback 200 25/10/90. \$ ME 18.29, † Partial. 7.19 17.49 10.08 28,805 \$2,400 29,210 31,179 30,058 858,70 860.10 949,10 948,50 852,50 30,724 29,750 29,283 31,038 30,782 449.7 351.1 387.5 383.2 357.8 SEAQ Bargns 4.45pm Equity Turnover(£m)† 27,305 **GILT EDGED ACTIVITY** Indices" Gilt Edged Ordinary Share Index, Hourly changes Day's High 1896.0 Day's Low 1888.0 92.1 81.7 Bargains Open 9 am 10 am 11 am 1878.8 1874.3 12 pm 1 pm 2 pm 3 pm 4 pm 1874.0 1871.9 1868.4 5 - Day average 65.2 55.5 FT-SE 100, Hourly changes Day's High 2475.9 Day's Low 2441.3 "SE Activity 1974. 1 pm 2 pm 3 pm 4 pm 2446.8 2442.0 2448.5 Open 9 am 2455.9 10 am 2454.0 12 pm 2454.0 †Excluding intra-market business & Overseas turnover London report and FT-SE Eurotrack 200, Hourly changes Day's High 1123.75 Day's Low 1116.77 Open 1120.80 1119.94 1120.88 12 pm 1122.95 2 pm 1117.58 3 pm Tel. 0898 123001

FINANCIAL TIMES STOCK INDICES

Glaxo peak

THE 1991 star of the FT-SE 100 index, Glazo, was once again-outstanding in a very weak market yesterday as US investors went on a spending spree. The shares were among the strongest in the Footsie list. The share price broke through the previous all-time peak. achieved in November, and

gained 15 to 885p on unusually high turnover of 8.6m. Any sellers in London were immediately matched by US buyers who, enthused by builish press reports and an earnings forecast upgrade on Tuesday, ensured that the pharmaceuticals group was able to hold up in the morning. The shares were further helped by a report that US pharmaceuticals group Bristol-

charge the US federal government less for drugs. Analyst Mr James Culverwell of Hoare Govett said fears that the US would impose price restrictions on pharmaceutical companies was "the one black cloud on the horizon", and a feeling that the industry was becoming self-regulating would be a fillip to sentiment.

Myers Squibb said it would

Dixons higher

Interim figures from Dixons, the electrical goods retailer, although around a third lower than the same period last year, were very well-received by the market and gave a shot in the arm to a troubled retailing

Dixons shares, good performers in the run up to Christmas but which had fallen sharply in the past few days, staged a strong rally to close 15 higher at 205p. It was the third most heavily traded stock in the London market yesterday with 9.4m shares changing hands. Dealers said the improve-

ment reflected a strong performance in the UK, where the group enjoyed much better tiran expected sales at its Dix-ons and Currys outlets. But analysts said Dixons was not a good barometer of the UK

retailing sector generally.

Mr Tony Cooper at Carr Kitcat & Aitken said he "remained a long term bull of the sector but expected that in the abort term the sector would remain

choppy". He added that there were still "massive uncertainties with no signs of a recovery in spending" and that "worries

about unemployment and prop-erty values mean the public is still not putting its hands in its

BAe rebounds

Good news from several quarters drove British Aero-space 11 higher to 311p, recov-ering the losses following the negative weekend press com-ment. Most significant was the belief in the market that Kleinwort Benson Securities had turned positive on the stock and would become a buyer shortly.

BAe had suffered from press

reports that reiterated criticisms in a private note by Nomura, the Japanese broking house, which cast doubts on the likelihood of BAe winning the second phase of the £2.5bn Al Yamamah defence contract. Most other analysts felt the criticism was overdone; this week Nomura circulated a second, less-bearish, note, expressing regret to BAe for any embarrassment caused.

The stock was also cheered by news of BAe's participation in the new Orion satellite venture and improved Rover car sales in the UK for December. The shares also found sentiment favourable ahead of a series of meetings next week between BAe and institutions. Turnover was a moderate 4.5m.

Guinness change

A number of securities houses changed forecasts and stances on Guinness and the shares ended a strong run. Following a jump of more than 50 points since Christmas, the shares fell 12 yesterday to 539p with 3.2m traded.

UBS Phillips & Drew moved ne a buver to a holder. It lowered its 1991 estimate by

ure to £1.08bn from £1.1bn, citing recent tough trading condi-

Among other houses said to have reduced their estimates was Cazenove, Guinness's bro-ker. Cazenove never comments on market speculation but analysts believed that the house had cut its estimate to £1.08bn

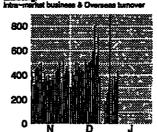
from £1.11bn.
Cable and Wireless came under more pressure, ending 17 off at 577p on relatively heavy turnover of 6m, with dealers citing worries of increased competition in UK telecoms from US group Sprint as the reason for the latest slide in

Midland Bank outpaced the rest of a troubled banks sector, responding to what most dealers described as "unlikely" tales of a bid from Hongkong & Shanghai Banking, which already holds a near 15 per cent stake in Midland. The bid rumours followed hints that HK Bank could be lining up a substantial rights issue. HK Bank built up its stake around two years ago with the ultimate intention of a full merger with Midland. But the departure of Sir Kit McMahon, the previous Midland chairman, and problems at HK Bank, and Midland's never-ending problems with third world debt and now UK bad debt provisions, put paid to the merger hopes.

Midland ended 3 up at 212p on moderate turnover of 2.6m. NatWest, heavily sold in recent sessions after profits downgrades from, among others, James Capel, managed a minor gain to 264p, with Kleinwort Benson said to have been a keen supporter of the shares.

Financing anxieties hit Greycoat Properties, which has been trying to raise money to cover the cost of its kimbani ment Place development at 25m to 2955m and its 1992 fig- London's Charing Cross sta-

1,100 **Equity Shares Traded**



O N D J Source: Datastream 1991 1992

tion. The shares dropped 22 to 76p as fears emerged that the group's attempt to replace its original £110m financing with a £130m deep discount bond issue was not going well. County NatWest will today downgrade Greycoat's net

asset value from 7.3p to 8.5p.
Oil shares, buffeted by the recent spate of profits downgrades, were again heavily traded but closed well above the day's lowest levels as a number of analysts took the view the sector may be oversold. Kleinwort Benson said: "Earnings downgrades on BP and Shell have been discounted and both are a buy." It added that it preferred BP, given its high propective yield of over 8 per cent.

Strauss Turnbull, one of the leading bears of the oil sector for more than a year shifted its stance on the sector from "sell" to "hold", "because of the 20 per cent underperformance over the period". But Strauss remains extremely bearish of Shell, which dipped 7 more to 475p on heavy turnover of 9.1m. BP rallied from 270p to close only 2 off at 274p with a befty 13m shares traded.

Volume (Chalco	Our's	Volum	- 00	h	Days	IN MAJOR	Clocks	Days	Volume Coak 1007s Price	g Day's
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EQUITY FUTURES AND OPTIONS TRADING

RUMOUR-PRONE derivative markets saw continuing volatility yesterday and contributed to the early weakness in was ill and a belief that Wall the underlying equity market, Street would open at least 20

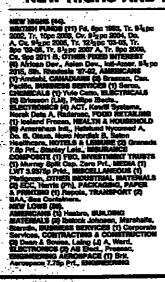
writes Peter John.
The FT-SE futures March contract opened sharply lower and in early trade it was at 2490, representing a 32-point premium over cash. Although above estimated fair value, the premium was well down on March came under further

points off.
At one stage, March was down 40 points but then the buyers began to return. Fears over Bush's illness eased, Wall Street opened only 10 off and then rallied sharply and a lots dealt. The biggest si rumour swept through the market that the Bank of Hanson Feb 200 puts at 7.

England would hold a positive afternoon press conference. March climbed back towards its previous close. It finished down 4 at 2,502 with 8,800 contracts dealt and at a premium of 40 to cash.

On the LTOM, turnover was 23,130, slightly down on the previous day and BP was the top equity option with 1,483 lots dealt. The biggest single trade was a bearish buy of 700

NEW HIGHS AND LOWS FOR 1991/92



GENERAL (1) Hadielgh Inda., FOOD
MANUFACTURING (1) Acades & Hutcheson.
MEALTH & MOUSEPICLD (1) JS Pathology,
MCTIBLS & LESSIFEE (4) Buckingham Ind.,
Plobeick, Principal Hotals, Westbley,
BEUBRANCE SEROKERS (1) White Corroon,
MSUBRANCE COMPOSITE (1) Hainks,
Nevestimeent Trusts 1377 Casele Call.,
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Duel Inc., Melvies Street Wirms., North
Aumer. Gas., River & Merc. Cap., Do. Wirms.
Southen Mals. Cap., Steel Wirms., North
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Virms., Sphere Inv., Wirms., TR Property,
MSECEL AMSCULE (3) Abbeycrast. Crasts.,
Escalitat, OR. & GAS (8) Biscident OR.
BP, Calm Energy. Enterprise OR., Goal
Petrim., Harriy Oil, Richmond Oil, Scaptre
Res., CTHER FRAMICIAL (2) King & Shezoon
Smith New Court. PROPERTY (17) Botton,
Bucknest., Chesteriett, Desbury, Debenham
Tewson & C., Derwart Valley, Graycost,
Hammerson A. Lon. Merchant, Lon. &
Metropolitan, Merchale Moore, Mountisigh,
Ossory Ests., Regastan, Rosehsugh, Savilla,
Santhope, STORES (3) Cistion Cards,
Gelderslife, Rathers & Sp. Cert., TEXTILES
(2) Alexandra Workster, Jerome.
TRAMSPORT (1) Bergesen d-y A, Melles
(7) Angloval, Carl Res., De Beers Linkad
Units, Mount Marthy Gold, Plateau Mining,
Winkiehesk, Washern & Pacific Res.

then, no sooner had he been named non-executive chairman

executive director.

rejected by APT's shareholders.

Until now Peter Armitage, previously deputy chairman, has been standing in as chair-man; 64-year-old Eric Holroyd.

who was brought in from out-side during the bid, will con-tinue as temporary managing

director until his replacement

is selected.

Grand Metropolitan rose 5 to

9199 on news that its US sub-sidiary Pillsbury is buying the frozen products division of Minneapolis-based McGlynn Bakeries. Worries about profits down grades continued to overhang Body Shop shares, which retreated 9 more to 328p. Ratners bounced up to 24p before closing a net 2 firmer at 23p awaiting the crucial statement

on Christmas trading. Suggestions that a line of 5m Burton shares was on offer

| SPITISH FUNDS - Cont. | 1991/62 | Yight | + or | 1991/62 | Yight | + BRITISH FURIDS - Cont. BRITISH FUNDS | The color of the **Shorter** (Livee mp to Piec S.** 12-is po 169221 | 1804. miles in the Piece S.** 12-is po 169221 | 1805. miles in the Piece S.** 20-c 169221 | 1805. miles in the Piece S.** 10-is po Co 169221 | 1805. miles in the Piece S.** 20-c 169221 | 1805. miles in the Piece S.** 20-c 16922 | 1822 | 1822 | 1823. miles in the Piece S.** 21-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in the Piece S.** 1-is po 169231 | 1805. miles in 9.44 9.31 9.30 Antican Day 11 ½ 2010. 9.44 9.35 Antican Day 10 ½ pc 2003. 9.35 Sham 11 ½ pc 2012. 9.35 Sham 11 ½ pc 2013. 9.35 Sham 12 pc 2013. 9.35 Sham 13 ½ pc 2013. 10.55 Leoft 13 ½ pc 2008. 10.55 Leoft - 41 375 18 - 37 35 14 - 38 57 18 - 38 57 14 - 35 25 14 - 35 25 14

APPOINTMENTS

Olympian ambition =



Dixons, the electrical retailing group chaired by the veteran Stanley Kalms, is to restruc-ture its senior management

John Clare (above) the 41year old managing director of the Dixons Stores Group, becomes managing director of the entire group, replacing Mark Souhand who becomes

deputy chairman: Clare, who has rapidly climbed the Bixons management tree since joining from Ladbroke Group in 1985, is credited with the successful integration of the Dizons and Currys chains and with introd-ucing more effective manage ment information systems and

controls.

He will chair an eight man team of senior managers with responsibility for all the group's retail interests. One of their most pressing concerns will be to stem the losses at

Silo, the group's US business.

Clare says he has learned a lot of lessons about retailing from Kalms and Souhami. "They are masters of their trade, founders of 'the retail is detail' school of management,"

he said yesterday in what sounded like a farewell eulogy. But Kalms emphasised that neither he nor Souhami was about to retire. Kalms once said he came in to business at the time of the London Olym-pics in 1948 and would like to retire when London next hosted the games. But given the capital's lack of success in winning the venue, his future must be seen to be in the lap of the gods.

Woolley to chair API

API, the packaging group buffeted by upheaval and a hostile bid lest year, is hoping for a steer into calmer waters with the appointment of Moger

Woolley (right) as non-execu-tive chairman.

Woolley, formerly chief exec-utive of DRG, is no stranger to acrimony in the boardroom having spearheaded a vigorous if ultimately unsuccessful defence of the UK paper and packaging group against Ber-muda-based Pembridge Invest-

ments in November 1989. Since then he spent just over five months in the chair at which was swallowed by prepress service company Wace;

Sallying forth

SALOMON Brothers International, still struggling to regain its position in the international capital markets after revelations of US Trea-

named non-executive chairman of part of Beazer than along came Hanson. "We think Moger will make a very credi-ble chairman, and he is not going to accept a string of non-executive posts," says finance director Dennis Holt, although he was already non-exec chair-man of Dolphin Packaging. sury market-rigging last sum-mer, is waiting to see whether the seasonal flow of staff departures in the new year will turn into a flood.

man or London rackaging.
API, which is also currently interviewing for a managing director, has been a bit thin in the upper management echelons since the managing director.

The standard chairman both The first to leave the ship in 1992 was the firm's head of bond syndication, Simon Meadows, who has joined Credit Suisse First Boston as co-head of debt syndication tor and chairman both resigned last March - leaving Holt, who had been at the com-pany just 4 months, as the only with John Walsh. A spokesman for Salomon Brothers The ensuing gap encouraged rival packager NMC in its bid - which was subsequently says the position is likely to be filled internally. Meadow's move follows the departure last November of

Ian Hannam, head of equity syndicate, who left as a result of the internal restructuring in the wake of the Treasury scandal Hannam was replaced by Jeremy Palmer, an internal appointment. Both these posi-tions were key roles in Salomon's core business, which has already suffered in the aftermath; Salomon slipped from sixth to 16th in the 1991 table of international bond underwriters, according to

Euromoney Bondware.

An official at Salomon Brothers points out that staff turnover at the firm is traditionally at its highest in the first quarter. Last year, 136 staff left, around 50 in the first three months. Salomon's ability to stem the flow will be one sure of its recovery.

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Nature of besiness: Nursing HomarPenahillation Certire
Trade classification: Nursing Home
Date of appointment of joint administrative
receivers; 18 December 1981
Name of person appointing the joint administrative
receivers; 18 December 1981
Name of person appointing the joint administrative
receivers: Barcatage Bark Pic
Joseph Patrick Considine and Richard
Arthory Smart
Joint Administrative Receivers.
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Registered number: 876906 Nature of besiness: Holding Company Trade classification: 38 Administration Order made: 6 Dece 1981 By whom Appointed: Licycle Bent Detect Charge: 17th June 1987 Nature of Charge: Fixed and For

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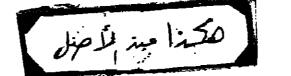
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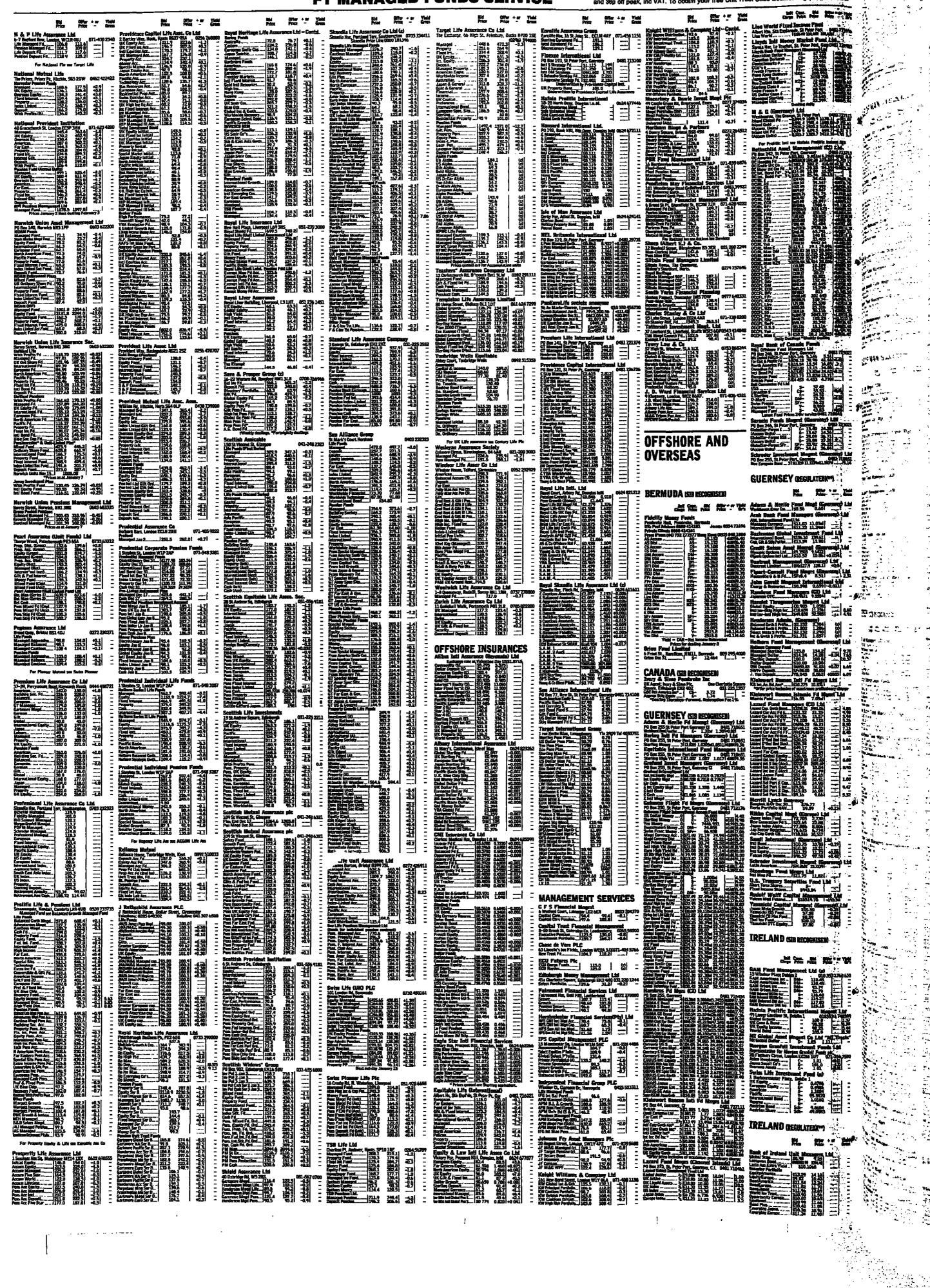
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CURRENCIES, MONEY AND CAPITAL MARKETS

on the progress of trade talks with the Japanese government contained only a passing refer-ence to the dollar/yen

exchange rate. This disap-pointed many dealers following speculation that the two gov-

ernments would agree to a con-trolled devaluation of dollar against the yen as a means of moderating the US trade deficit

with Japan.
This more positive tone continued into European trading until the first reports of President Bush's illness were received. Amid an atmosphere of deep uncertainty about the health of President Bush, the US currency fell back to DM1.5060 and Y123.95.
However, later reports con-

However, later reports con-firmed that Mr Bush was suf-

fering from only a mild illness and the dollar recovered ground to closed at DM1.5150 and Y124.84 in London, just off the days highs of DM1.5195 and

FOREIGN EXCHANGES

Sterling slides against D-Mark

Sterling continued to slide against the D-Mark on the foreign exchange markets yester-day, falling close to its "floor" within the European exchange

rate mechanism.
From a close of DM2.8450 on
Tuesday, the UK currency had
fallen to DM2.8350 by late
morning, dragged down by the
weakness of the US currency and just on the limit of its permitted divergence range within

From this level sterling proved unable to sustain a rally and remained weak through the afternoon session.

This weakness occurred as the US currency was firm or rising, demonstrating that the fortunes of sterling are not tied

to the US currency.
Earlier this week, analysts were ascribing sterling's weak-ness within the ERM to the fall of the dollar, since any decline in the value of the US currency was likely to benefit the D-Mark. However, yesterday's sterling weakness indicated that it can fall while the dollar

that it can fail while the dollar is gaining against other European currencies.

At 4pm in London, the closing time used by the Bank of England to calculate sterling's position within the ERM, the UK currency stood at DM2.8395, the lowest close price against the D-Mark since sterling joined the system.

£ IN NEW YORK

Jan.B	Latest	Close
E Spot	1.8730-1.8740 1.04-1.03pm 3.05-3.02pm 11.00-10.90p	1.8965-1.8870 1.07-1.05gm 3.02-2.99gm 11.05-10.95g
Foregred preside	क्ष कार विश्वासम्भ क	ply to the US dolt
STE	RLING II	NDEX
		O Dombous

1.00 45	91.5 91.5 91.5 91.4 91.4	91.5 91.5 91.5 91.4 91.5
CURRENCY	MOVE	MENTS
Jan 8	Bank of England Todas	Morgan Gearanty Changes %
Sterilog U.S Dollar Casserien Bollar Austrien Schilling Belgian Franc Daniel Krone O-Mari Series Franc Dottel Gollder Franc	91.4 60.5 103.2 110.9 112.7 110.0 120.5 109.7 115.9	-203 -18.7 +1.7 +1.26 -1.1 +2.7 +26.3 +18.2 +17.2 -12.2

Mergan Coaranty changes: Nerag 1980-1982-100. Bank of England Index (Bat Average 1985-100. "Plates are for Jan." CURRENCY RATES									
Jan 8	Bank # rate %	Special * Orasylog Rights	Extrapement Currescy Unit.						
Sterling U.S. Dollar Consollar S Austrian Sch Beiglan Franc Donlak Krose O-Mark Deich Gollder French Franc Ling Ling Ling Ling Ling Ling Ling Ling	- 59.45 7.45 7.45 9.56 9.56 9.56 9.76 9.76 9.76 9.76 9.76 9.76 9.76 9.7	0.764749 1.42577 1.42577 15.31.75 44.8525 4.47294 2.17808 2.45321 7.43473 1.677.342 8.57576 138.462 7.99953 1.93181 551.248 0.819477	0.714871 1.34779 1.53958 14.3302 41.9466 7.91556 2.03661 2.22380 6.95324 1539.85 167.786 8.02271 129.687 7.43845 235.095 0.766747						
& Bank rage ref These are not on a European Com All SDR rates	ented by t substan (be UK, Spakı ≧icələricəs	oust rates. and instant.						

* All SOR rate are for Jan 7 OTHER CURRENCIES									
Jan 8	£	\$							
Aestralia Brazil Finiand Greez Hong Kong Iran Koncalt Lucrobourg Malaysia Medico H. Zegtand H. Zegtand	1855 - 1885 2472 - 2474 2802 8 - 283 75 7,746 - 7,760 14530 - 14545 26400 14530 - 147,79 14530 - 5,073 1533 - 5,075 1533 - 5,075 1533 - 5,075 1533 - 5,075 1533 - 5,075 1533 - 1,075 1,075 - 7,075 1,075 - 7,075 1,075 - 1,077 1,075 - 1,077 1,075 - 1,077 1,075 - 4,075 1,071 - 4,075 1,071 - 4,075 1,071 - 4,075 1,071 - 4,075 1,071 - 4,075	13195 - 1.3205 140,00 - 1180,01 4,1180 - 4,1210 173,120 - 175,89 7,7590 - 7,7610 1420,00° 756,50 - 765,50 3,2430 - 0,2446 3,2430 - 0,2446 3,115 - 31,25 2,7025 - 2,7045 0,18170 - 1,8190 3,2442 - 3,750 1,6205 - 1,6225							

By 5pm sterling had fallen further still and was pinned back at the days low of DM2.8350 when trading ceased in London, a full 2 pfennigs down from Monday's opening level of DM2.8550.

The dollar was firm against both the yen and D-Mark yes-terday despite a brief scare in mid-morning following early reports that US President George Bush had been taken

Following a late rally in London on Tuesday, the dollar continued firmer overnight in the Far East. At the close in Tokyo, the US currency stood at DM1.5095, from a close in New York of DM1.5065, and

Y124.40 from Y123.90.
Having failed to breach the psychologically important DM1.50 level, the dollar was pushed higher against the Ger-

man cu					
Com	meni	ts by	Mr	Nicl	rolas
Brady,	us	treast	ПÀ	Secre	tary,

EMS EUROPEAN CURRENCY UNIT RATES										
_	Ecs Central Rates	Correscy Amounts Against Eco Jan 8	% Change from Central Rate	% Spread to Westers Correscy	Divergence					
Sganich Peseta	133,631 42,4032 2,31643 2,05595 0,757417 1538,24 6,89509 7,84195 0,690904	129.687 41.9466 2.29380 2.03451 0.766747 1539.85 6.95324 7.91236 0.716871	58845 -1995	5.99 3.98 3.84 2.95 2.76 2.00 1.91	되작왕육구부자목속					
Ecu contral rates set by th	e European Cour	salssion. Carrencies	are in descending	relative stresyth, i	errentage chan					

Concept on the cut by the	Currences Committees Corn	ocies are to descending rela	Ore strength, Percentage chain
the feet a section of	Carlotte overstand our	new Theoremen shows the	ratio between two spreads:
nerrentana difference bets	out the actual parties and F	en central rates for a curren	kg, and the maximum permit
permetage designing of 12	e currency's market rate fro	no les Eos central rate	
Adjustment calculated by	Financial Times.		

Jan 8	Spread Day's	Clase	One month	<u> </u>	Three excelles	74 114
S	1,8675 - 1,8845	1.8715 - 1.8725 2.1380 - 2.1390	1.05-1.03cpm 0.59-0.50cpm	8.67 3.06	3.05-3.02pm 1.93-1.77em	6
arada etherlands	21365 - 21530 31900 - 32045	31900 - 32000	7-7-tau	ם מבם!	7-500	ĺŌ
egian	9130 - 5145	58.35 - 58.45	7-2000	0.92	18-13pm	ļ
COPPER	11.0155 - II.0490	11,0175 - 11,0275	14-horepu	0.82	24-14 pm	8
eland	1.0670 - 1.0710	1.0670 - 1.0680	0,01pg 0.03pds	쌚	0.03-0.1246	1 1
CHIPS	28325 - 28430	28325 - 28375	59-79cms	-3.83	124-183dis	ۋ_ا
ortogal	246.25 - 248.90 180.40 - 181.40	246.70 - 247.70 180.40 - 180.70	21-42ms	1-209	(5-86ds	I -ī
palu	2143.40 - 2150.95			-168	7-9-es	I −ī
ialy Lorear	11 162 . 11 1970	111/25 - 111725		1-027	15-1500 15-1500	1 0
720CE	1 4 679d - 4 709d	l 9,6825 - 9,6925	4-100	0.62	25-2500	ļġ
ineden	10 3425 - 10 3775	10.3425 - 10.9525	24-21-oredis	-268	5-51-ds 34-300	[-]
	233.10 - 234.25	23325 - 23425	14-150	545	3,300	1 8
estria	19.94 - 20.01	19.94 - 19.97	7.9-2-0000	號	5%-24 gm 14-14 pm	Įž
. المها الأنتاب	2.5240 - 2.5350 1.3930 - 1.3975	25250 - 25380 13930 - 13940	5-1-1-0pm 0.03pm-0.02cds	0.04	0.07 0.0300	l â
					101 - 60	-
Commercial 1.05-10.95	rates taken tomanis t gm	be end of Lambos tra	llog. Six-month for			_
Commercial LOS-10.95	AR SPOT	e end of Landon tra	ios. Six south for	ST	THE DOL	LA
Commercial 1.05-10.95	rates taken tomanis t gm	be end of Lambos tra	llog. Six-month for			LA
DOLL Jac 8	AR SPOT Day's spread	FORWAF Class 1.8715 - 1.8775	Bog. Six-month for BD AGAIN Our month 105-1-03cm	\$T % pa	THE DOL	X P.2
DOLL Jac 8	Parks taken towards to pm AR SPOT Day's spread 1.8675 - 1.8845 1.7500 - 1.7610	FORWAF Class 18715 - 18725 1.7530 - 1.7540	D AGAIN Our month 1:05-1:03cpm 0:98-0:93cm	\$1 % PA 654	THE DOL	% p.2
DOLL Jac 8 Kt	Parts takes towards to pm Day's Serent 1.8675 - 1.8945 1.7500 - 1.7610 1.1195 - 1.1440	FORWAF Case 18715 - 1.8725 1.7530 - 1.7540 1.1425 - 1.1425	Bog. Six-ments for the AGAIN One seests 105-1,03-pm 0.98-0.93-pm 0.33-0.34-pm 0.33-0.34-pm	% P4 6.57 6.54 -3.62	THE DOL. Three months 3.05-3.02pm 2.77-2.67pm 0.85-0.91ds	% p.2 6.6-7
DOLL Jac 8 Ki standi	22:5 takes towards 1 pm AR SPOT - 587:5 1:8675 - 1:8945 1:7500 - 1:7610 1:1375 - 1:1440 1:4755 - 1:1440	- FORWAF Case 1.8715 - 1.8725 1.7530 - 1.7540 1.1425 - 1.1425 1.7045	Rog. Six-month for tD AGAIN Our month 105-1,03cpm 0.98-0.93cpm 0.33-0.34cdis 0.83-0.34cdis	% p.a 6.67 6.54 -3.62 -5.94	THE DOL. Three months 3.05-3.02 per 2.77-2.67 per 0.85-0.1 per 2.40-2.45 per	% P. 6 6 7 5
DOLL Jac 8 Kt	Day's spread 1.8955 - 1.8945 - 1.7100 - 1.7410 1.1975 - 1.1440 1.995 - 1.7100 3.00 - 31.00 - 31.00 - 31.00	FORWAF Case 1.8715 - 1.8725 1.7530 - 1.7540 1.7665 - 1.7075 31.15 - 31.25	D AGAIN Our month 105-1,03cpm 0,98-0,99cpm 0,33-0,36cdls 0,83-0,86cdls 13,00-16,00dels	% p.a. 6.54 -3.62 -5.94 -5.58	THE DOL. Three months 3.05-3.02 pm 2.77-2.67 pm 0.85-0.91 db 2.40-2.45 db 40.00-45.00 db	* N & & & & & & & & & & & & & & & & & &
Commercial 11.05-10.95 DOLL Jan 8 Kt	nzie sales twards i pn AR SPOT Berts Spread 1.8675 - 1.8945 1.7500 - 1.7610 1.1995 - 1.7400 31.00 - 31.30 3.6500 - 5.8910	De end of Lesion trail FORWAF Case 1.8715 - 1.8772 1.7530 - 1.7540 1.7625 - 1.7073 31.15 - 31.25 3.8550 - 5.8900	Bog. Six-ponth for the AGAIN One month 105-1.03cpm 0.98-0.93cpi 0.33-0.84cdis 13.00-16.00cdis 13.00-16.00cdis 2.70-1.00cedis	57 6.67 6.54 -3.62 -5.94 -5.58 -5.81	THE DOL. Three months 3.05-3.02 per 2.77-2.67 per 0.85-0.1 per 2.40-2.45 per	* M 6 6 7 5 5 5
DOLL Jan 8 Kf elandi selgiani elgiani ermany	Day's sales towards 1 gm AR SPOT Day's spread 1.8675 - 1.8845 1.7500 - 1.7610 1.1995 - 1.7400 3.100 - 3.8913 5.8500 - 5.8910 1.5060 - 1.5190	FORWAF Case 18715 - 1.8775 1.7530 - 1.7540 1.1425 - 1.1425 1.7635 - 1.7635 1.7636 - 1.7635 1.8656 - 5.8900 1.5145 - 1.5125	Rog. Six-month for the AGAIN Our seeth 1.05-1.03cpm 0.38-0.95cpm 0.33-0.36cdls 0.33-0.36cdls 13.00-16.00dls 2.70-3.00orells 0.71-0.72pbl/s	% p.a. 6.54 -3.62 -5.94 -5.58	THE DOL. Three months 3.05-3.02pm 2.77-2.67pm 0.85-0.910cb 40.90-45.00cb 8.30-8.90cb 2.10-2.120cb	* M 6 6 7 5 5 5 5
Jac 8 Kt	nzie sales twards i pn AR SPOT Berts Spread 1.8675 - 1.8945 1.7500 - 1.7610 1.1995 - 1.7400 31.00 - 31.30 3.6500 - 5.8910	De end of Lesion trail FORWAF Case 1.8715 - 1.8772 1.7530 - 1.7540 1.7625 - 1.7073 31.15 - 31.25 3.8550 - 5.8900	ED AGAIN Our month for 1951.03cpm 1951.03cpm 1951.03cpm 1350.34cdis 13.00-16.00dis 2.70-3.00orelis 2.70-3.00orelis	57 14 657 657 659 659 659 659 659 659 659 659 659 659	THE DOL. Three months 3.05-3.02pm 2.77-2.67pm 0.85-0.91dm 2.69-6.90dm 9.00-45-00dm 8.00-45-00dm 2.10-2.12dm 2.70-310dm 2.00-2.70dm	* N & 6 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
Connected 1.05-10.95 DOLL Jan 8 Kr thorison connected to the sands connected to the sand	Day's speed 1.550 - 1.8945 - 1.8945 - 1.8945 - 1.8945 - 1.8945 - 1.7900 - 1.7810 - 1.7900 - 1.7810 - 1.985 - 1.7900 - 1.995 -	Case 18715 - 1.8725 1.7530 - 1.7540 1.7635 - 1.405 1.7645 - 1.405 1.915 - 1.915 1.915 - 1.915 1.915 - 1.915 1.915 - 9100 1.916 - 1.915 1.925 - 946	Reg. Str-conth for RD AGAIN Our scotth 105-103-pm 0-98-0-93-pm 0-33-0-3-cits 13-00-16-00-18 2-70-100-18 10-12-18-18 10-12-18-18 10-12-18-18 10-7-0-8-20-18-18 7-70-8-20-18-18	51 655 655 655 655 655 655 655 655 655 6	THE DOL. Three months 3.05-3.02pm 2.77-2.57pm 0.55-9.91ec 2.07-2.45pe 40.00-45.00-6e 2.00-2.12eb 2.00-2.12eb 2.00-2.12eb 2.00-2.12eb 2.00-2.12eb 2.00-2.12eb 2.00-2.12eb	* N 6675555498
Commercial 1.05-10.95 DOLL Jan 8 Kt relands selber lands selber lands servings selber lands s	Day's seed 1.8675 - 1.8945 1.7900 - 1.7	FORWAF - FORWAF - Gase 18715 - 18725 1.7530 - 1.7540 1.1625 - 11455 1.7045 - 1.7075 1.1545 - 1.7075 1.1545 - 1.715 1.1545 -	Eg. Skr-sonth for AGAIN One month 105-1,03cm 0,98-0,93cm 0,93-0,94cm 13-0,0-16-10-16-10-16-10-16-10-16-10-16-10-16-16-16-16-16-16-16-16-16-16-16-16-16-	51 555 555 555 555 555 555 555 555 555	THE DOL. Three months 3.05-3.02pm 2.77-2.67pm 0.85-9.31ps 2.49-2.85ps 40.90-45.00ds 2.00-2.20ds	* N 6 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
Commercial 1.1.05-10.95 DOLL Jan 8 Kit	Day's spread towards 1 pm Day's spread 1.8675 - 1.8845 - 1.7500 - 1.7610 -	Cox 18715 - 1.8725 1.7730 1.7540 1.7540 1.7540 1.7540 1.7645 1.4055 1.5055	De aceth for the part of the p	\$1 \$4 \$55 \$55 \$55 \$55 \$55 \$55 \$55 \$55 \$55	THE DOL. Three mands 3.05-3.02am 2.77-2.5/pa 0.25-0.10as 2.40-2.45as 40.50-45.00as 2.10-2.13as 2.10-2.13as 2.10-2.13as 2.10-2.13as 2.10-2.13as 2.10-2.13as 2.10-2.13as	* NI 6675555944466
Commercial 11.05-10.95 DOLL Jan 8 Kt Handi Ha	Day's sales towards 1 pp Day's sareal 1.8675 - 1.8845 1.7500 - 1.7510 1.1795 - 1.17410 1.1995 - 1.17410 31.00 - 31.90 31.00 - 31.90 1.5969 - 1.51.90 131.95 - 11.47 - 55.90 1.147 - 55.900 5.4951 - 5.1850 5.4951 - 5.1850	FORWAF - FORWAF - Gase 1.8715 - 1.8725 1.7530 - 1.7540 1.1425 - 1.1435 1.154 - 1.7075 1.155 - 1.275 1.155 - 1.275 1.155 - 1.275 1.157 - 1.145 1.1	Eg. Skreenth for AGAIN One month 105-103cm 0,98-0,93cm 0,98-0,93cm 0,93-0,93cm 13-0,9-16-00-16-10-16-16-16-16-16-16-16-16-16-16-16-16-16-	57 44 57 57 57 57 57 57 57 57 57 57 57 57 57	THE DOL. Three months 3.05-3.02am 2.77-2.67ya 0.85-9.19as 2.49-2.45as 49.00-45.00ns 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.11-2.12an	■ M
Jan 8 Kt triandi Well and triandi Kt triandi K	Day's speed towards 1 pm Day's spread 1.8675 - 1.8945 1.7500 - 1.7610 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1975 - 1.1440 1.1440 - 1.14400 1.1440 - 1.14400 1.1440 - 1.14400 1.1440 - 1.14400 1.	Case 18715 - 1.8725 1.7530 - 1.7540 1.7625 - 1.475 3.11: 31.25 3.15: 5.9930 1.51:6-1.51:51 1.96.5: 98.66 1.96.6: 98.66 1.96.6:	Reg. Str-conth for D AGAIN Or month 105-1,03-pm 0,98-0,93-pm 0,98-0,93-pm 0,98-0,93-pm 0,98-0,93-0,94-0,94-0,94-0,94-0,94-0,94-0,94-0,94	57 % A 55542458844599924788	THE DOL. Three mands 3.05-3.02pm 2.77-2.3/pm 0.85-4.10gs 2.49-2.6gs 0.90-45.00gs 2.10-2.13ds 2.10-2.13ds 2.20-2.120ds 9.40-3.00ds 11.70-12.20ds 1.70-12.20ds 0.30-40/94	* 12 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
Commercial 11.05-10.95 DOLL Jan 8 Kt Handi Ha	Day's sales towards 1 pp Day's sareal 1.8675 - 1.8845 1.7500 - 1.7510 1.1795 - 1.17410 1.1995 - 1.17410 31.00 - 31.90 31.00 - 31.90 1.5969 - 1.51.90 131.95 - 11.47 - 55.90 1.147 - 55.900 5.4951 - 5.1850 5.4951 - 5.1850	FORWAF - FORWAF - Gase 1.8715 - 1.8725 1.7530 - 1.7540 1.1425 - 1.1435 1.154 - 1.7075 1.155 - 1.275 1.155 - 1.275 1.155 - 1.275 1.157 - 1.145 1.1	Eg. Skreenth for AGAIN One month 105-103cm 0,98-0,93cm 0,98-0,93cm 0,93-0,93cm 13-0,9-16-00-16-10-16-16-16-16-16-16-16-16-16-16-16-16-16-	57 44 57 57 57 57 57 57 57 57 57 57 57 57 57	THE DOL. Three months 3.05-3.02am 2.77-2.67ya 0.85-9.19as 2.49-2.45as 49.00-45.00ns 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.10-2.12an 2.11-2.12an	LA

EURO-CURRENCY INTEREST RATES									
Jan 8	Skert term	7 Days notice	One Mooth	Three Months	Ştr Months	Çeş Year			
Sterling St. Dollar St. Dollar St. Dollar State	14 4 8 12 7 8 12 12 15 15 15 15 15 15 15 15 15 15 15 15 15	198 - 102 41 - 4 81 - 8 10 - 75 75 - 75 95 - 95 125 - 115 95 - 95 55 - 55 95 - 25	105 41 - 4 - 7 - 7 - 7 - 7 - 7 - 7 - 7 - 7 - 7	10월 - 10월 4 - 7 9월 - 7 94 125 - 7 9	HARACOR MARKEN	108 - 10 42 - 4 61 - 6 94 - 9 74 - 9 12 - 11 94 - 9 12 - 9 481 - 9 34 - 9			

Asian \$5km;	24 - 24	24 - 24	24 - 25	25 - 25	3-24	35-35
Long term Eurodollar 613-615 per cent nor	rs two years 4% wined. Short to	-44 percent; t m rate, are cal	bree years 5½-6 Il for US Dolla	A per cent; for rs and Japanese	years 6-5%, pe Yest others, b	r cent; five year no days' notice

EXCHANGE CROSS RATES

Jan 8	£	\$												
Argentina	18525 - 18555	0.9900 - 0.9910	Jang	Ξ	2	PM	Tes	F Fr.	5 Fr.	# Fl.	Ura	C\$	B Fr.	ECO
Brazil	2.4720 - 2.4740 2082.85 - 2083.75	1.3195 - 1.3205 8.160.00 - 1180.00		1	1.872	2 835	233.8	9 688	2.530	3 195	2145	2.139	58 40	1.394
Fieland	7.7465 - 7.7600	4.1180 - 4.1210 173.120 - 175.890	Š	0.534	1							1.143		
Hong Kong	14.5330 - 14.5465	7.7590 - 7.7610	BM	0.353	0.660	1						0.754		-
ran Konsa(Srbi)	2666.00° 1424.90 - 1447.90	1420.00°	YEN	4.277	8.007	12.13	1000.					9.149		
Kenszit	0.53300 - 0.53350	0.28C00 - 0.28460	FFr.	1.032	1,932	2.926	241.3	16.	26II	3.298	<u>221</u> 4	2.208	60 <u>.28</u>	1.439
Laurantourg Matarsia	58.35 - 58.45 5.0630 - 5.0715	31.15 - 31.25 2.7025 - 2.7045	S Fr.	0.395	0.740	<u>1 121</u>	92,41	3.829	1		847.8	0.845	23.08	0.551
	5750.75 - 5763.15	3070.00 - 3075.00	H FL	0.313	0.586	0.887	73.18	3.032	0.792	1	671.4	0.669	18.28	0.436
Saudi Ar		1.8170 - 1.8190 3.7495 - 3.7505		••••						1.490		0.997	27,23	
Slagagory S.Al (Car)	3.0345 - 3.0430 5.1265 - 5.1390	1 6205 - 1 6225 2 7340 - 2 7355							1.183		1003	1	27.30	
SAI (FI)	5.8610 - 5.9540	3.1250 - 3.1745								5.471		3.663		2.387
UAE	49.20 - 48.30 6.8715 - 6.8945	25.70 - 25.75 3.6715 - 3.6735	Eta	0.717	1.343	2.034	167.7	6.950	1.815	2.292	1539	1.534	41,89	I
	e. Official rate, (-)		Yen per	1,000:	French	Fr. per	10: Lira	per 1,0	100: Bel	glan Fr	. per 10	O.		

FIN	ANC	IAL	FU	TURE	S AI	4D C)PTi	ONS	}	_				
LIFFE LO	1906 GILT 64ths of 1	FUTURES O	OPTENS			S TREASUR D MADE of 1		LITURES Ó	PTEDES	LIFFE 14 56(258,0)	MB FUTU 10 points o	IES 07130 f 100%		
Strike Prior 94 95 96 97 98 99 100 101 Estimater Previous	945 1-51 1-11 0-46 0-27 0-15 0-09	#Hements Jun 4-05 3-22 2-43 2-05 1-39 1-14 0-58 0-42 mal, Calls 23	0-11 0-19 0-33 0-57 1-28 2-09 2-61 3-54 2066 Pats	Ulermonts July 0-40 0-56 1-13 1-40 2-09 2-48 3-28 4-12 1065	Strike Price 102 103 104 105 106 107 108 109 Estimate Previous	Calls 925 15 ar 3-40 2-55 2-67 1-33 1-04 0-46 0-31 0-20 4 volume to day's open in	Jun 3-36 2-61 2-27 1-61 1-37 1-16 0-49 at Calls 5	Puts-sett Mar 0-22 0-35 0-35 1-15 1-50 2-25 3-13 2-26 3-13 2-26 3-13 2-26 3-13 2-26 3-13 2-26 3-13 2-26 3-13 2-26 3-13 3-13 3-13 3-13 3-13 3-13 3-13 3-1	1-26 1-51 2-17 2-51 3-27 4-06 4-53 5-39	Strito Price 8600 8650 8750 8750 8850 8950 8950 8950 8950 8950 8950 89	Calls-set Mar 1.82 1.36 0.46 0.40 0.23 0.13 0.13 0.17 volume to	Australia 242 262 1.65 1.32 1.03 0.79 0.59 0.44 tal, Calls 11 2. Calls 11	Patts-9 Mar 0.06 0.12 0.22 0.39 0.64 0.57 1.81 7647 Patt 4546 Patt	0.2 0.3 0.4 0.6 0.8 1.3 1.7 6010
LIFFE E	pokany ints of 10	OPTIONS			LIFFE I	ALLEN STY	T. BOMP (ing 200m	ETP) FUTE 1000s of 2	1962 190%	LEFFE SE S389,800	POINT STEE	LENG RFT	IONS	
Strike Price 8975 9000 9025 9025 9075 9100 9125 9150 Estimates	Mar 0.83 0.59 0.37 0.17 0.06 0.02 0.01	tijements Just 1.19 0.95 0.73 0.52 8.34 0.20 0.11 0.06 out, Calls of	Nar 0 0.01 0.04 0.09 8.23 0.44 0.68 0.92 4445 Pas	0.01 0.02 0.05 0.09 0.16 0.27 0.43 0.63 1.635	Previous:	Calis-set Mar 1.87 1.44 1.05 0.72 0.47 0.29 0.16 0.09 d volume to day's open in	Jon 2.25 1.88 1.56 1.25 0.99 0.77 0.58 0.44 tal. Call 1	Patt-981 Mar 0.07 0.14 0.25 0.42 0.67 0.99 1.36 1.79 1.79 1.55 Pats 192	Jan 0.35 0.48 0.65 0.85 1.97 1.68 2.04	Surfaz Prior 8850 8875 8900 8925 8975 9000 9005 Estimates Previous o	Calls-set Mar 0.95 0.72 0.22 0.35 0.21 0.06 0.03 volume to lay's open	120 110 110 120 110 120 121 128 121 121 121 121 121 121 121 121	Pots-9 Mar 0.02 0.04 0.09 0.17 0.28 0.44 0.63 0.85 13136 Po	0.0 0.0 0.1 0.2 0.4 0.4 0.5 0.5 0.5
	ON (L.I				CHICA					UOLUE Ó	E YEX COM			
29-16/4 254,000	92mb of 1 Close			г Рто.		ASURY 1016 3245 of 1	09%	<u>.</u>		712.5m \$			<u> </u>	
Previous (97-09 97-15 volume 2 lay's upen	97-17 97-21 982 (327) Int. 53948	639 639 6 0508649	97-13	Mar Jes Sep Dec Mar	105-0 103-3 102-2 101-2 101-0	3 105-0 0 104-0 8 103-0 8 102-0	7 104-30 1 103-27 1 102-26 1 101-27	104-05 103-03 102-03 101-07	Mar Jun Sep Dec	0.802 0.799 0.798	2 0.803 6 0.800	3 0.80	11 O. 91 O.
	32mb w				Jun Ses Dec		-	: :	100-13 99-20 98-28		E MARK (II			
Previous (105-10) 184-2 (1219)	103-20	Mar Jun D.S. TRE	ASKIRY MILL AS of 198%			98-06 98-06 97-18	Har Jus Sep	0.655 0.657	0 0,656	0.65	37 Q
	190 <u>15</u> 2012	ef 189% High	Low	Pres.	Mar	Late 96.4	96.4	96.40 7 96.34	84.38	THEET-M	NTS EVA	MOLLÁR	grillo	
Mar Jul Estimate Previous (87.76 88.20 I walsone 9 lary's open	88.29 9988 (581 64. 11070) 68.21 17)		Jan Sep Dec Mar	96.3 96.1 95.7 95.5	5 961 9 957	7 % 1.15	9,13	Seb Seb Sep Sep besiden	Late %.0 95.9 95.7	s 10s 4 95.9 4 95.9	da Li 6 95.1	93 (

Mar Jun Sep	1.8568 1.8270 1.8000	1.85%	1.8556 1.8260 1.8000	1.8574 1.8290 1.8010	START SSRO		& POORS 500 DAGS Index		
SWISS FI	SHIC QUANTS 00 S per STr				Mar Jes Sep		417.80 417.80 419.20 420.20	High 418.00 419.40	
Mar Jun Seo	0.7380 0.7306	High 0.7397 0.7325	0.7370 0.7295	Prev. 0.7389 0.7317 0.7252					
PRILABEL 01,250 (PRIA SE E/S Rob per EI)	OPTIONS						_	
Strike Price 1.725	Jan 15,10	Feb 15.25 12.75	2/6 15.2 12.2	*	Jun 15.20	Jan	Fe 0.00 0.11	Pasts b 5	

1.750 1.775 1.800 1.825 1.850 1.875	12:60 10:12 7:70 5:25 2:82 1:09	F88 MS 15.25 15.2 12.75 12.7 10.30 10.2 7.85 7.9 5.71 6.0 3.22 4.2 2.55 3.1	5 12.70 5 10.40 7 8.41 12 6.77 8 5.38 1 4.21	0.05 0.09 0.73 correntes	0.05 0.12 0.34 0.71 1.30 2.18 3.36	0.25 0.54 0.96 1.56 2.38 3.39 4.75	193 257 342 442 559 696 8.49
PARIS		17,874 Pers 16					
March June September Estimated volo	Opes 108.44 109.46 109.48 ne 119,397	109.36	-0.10 -0.10 -0.10 -0.10 st 139,800	High 108,44 109,46 109,48	108.26 109.28 109.48	Yield 8.70 8.55 8.55	Open let 126,528 12,939 333

6 to 10 YEAR	10% ITALIAN	LONG TERM C		MOTOR CED	5	
March Estimated vota	Open mate O Total Ope	Sett price 86.38 as interest 100	Change	Hägh		
THREE-MAIL	H PIROR FUTU	RES (MATTER) O	'ala interior	t offered rate		
March June Estimated volc	90.31 90.68 anne 16,949 Tax	90.32 90.72 al Open Nateresi	+0.01 +0.04 -45,288	90.34 90.72	90.25 90.62	
CAC-49 FUTU	RES COLATOF) S	tock bales				
Jamary February March June Estimated with	1789.0 1709.5 1804.5 1830.0 ane 9,719 Tota	1799.0 1813.5 1827.5 1849.5 i Open laterest.	+4.0 +4.0 +4.0 +4.0 +4.0 23,316	1800.0 1806.0 1806.0 1845.0	1772.5 1789.0 1864.5 1826.0	
	WITE)					
No.	100.00	100 73	- 64	100.00	100 E4	

89.94 89.94 90.46 90.49 90.89 90.89 91.11

Estimated volume 1299 (1338) Previous day's open int. 5106 (4907)						
THEE ME	ern euer dets ef 180	SWISS FI	ANC			
Mar Jao Sep Dec Estimated	Close 92.19 92.50 92.70 92.80 volume 991	1194 9225 9254 92.75 92.86 2 (3952)	12.13 92.47 92.67 92.67 92.79	92.6 92.6 92.6 92.6		

103.22 103.15 Estimated volume 616 (611) Traded exclusively on APT

Estimated volume 41.77 (5675) Previous day's open lat. 17200 (16287)

High 89.43 89.77 90.09 90.28 90.38 90.39

Est. Vol. Clar. Figs. not shown) 4164 (2471) Previous day's open (at. 33444 (33062)

Mar 90.58 90.58 90.54 Jun 90.53 90.94 90.90 Sep 90.27 91.27 91.23 Dec 91.47 91.47 91.43 Jun 91.95 91.59 91.59 Jun 91.95 91.65 91.79 Estimated volume 22364 (21328) Previous fog's open let. 176874 (169965)

89:31 89:64 89:97 90:17 90:25 90:26

	d volume 99 day's open i		(22823)	
	O DUNEX			
Mar Jan Sep	2502.0 2535.0	#figh 2510.0	2469.0	Pres. 2522.0 2556.0
Estimate	d volume 10 day's open t	611 (6934) nl. 34437) (34626)	

Eximuted volume 10611 (6934) Previous day's open let. 34437 (34626)						
	RETRACK 16 r ball lades p					
Mar Jan	Cless 1102.0	High	ļ.)1) P		
Estimates	rotane 0 (9	·				

sen Estimated rotane () (9) Presions day's upto list. 137 (12%)	
Contracts traded on APT. Closing prices	down.
POUND - DOLLAR	

FT FOREIGN SICHANGE RATES 1-mth. 3-mth. 6-mth. 12-mth. 18616 18417 18127 17620

offer 42

Midland Back ... Mount Backing . Nat Westmisster Northern Bank List Northern Bank List Nykreeft Mortgage Bank Provincial Bank P.C. Routergie Bank List Exeter Bank Limited Financial & Gen. Bank ... Bank of Baroda .. Banco Bilbao Vizcana ... First Matloral Bank Pk. 14 Robert Fleming & Co. ... 10.5 Robert Fraser & Pters ... 11 Royal Bir of Scatland 10.5 Scattle & Williams Secs. ... 10.5 Bank of hadia. Groberts Malon 10.5 Goldens Malon 10.5 Hampshire Trust Pit 13.5 Heritable & Gen law Buk 10.5 Barque Beige Ltd Barclays Bark Beachmark Bark Unibud ph. 10.5 Unity Ext of Kowait 10.5 Unity Ext Bask Pk. 18.5 Western Trust. 19.5 Western Bask Corp. 10.5 Western Bask 10.5 Brit. Bik of Mild East | Maria | Mari City Merchants Bank Clydesdale Bank

BASE LENDING RATES

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NOTICE TO BONDHOLDERS OF GTE FINANCE N.V.

ECU 50.000,000.- 10 1/2% Bonds Due 1992 (The "Bonds") Notice is hereby given that GTE FINANCE N.V. (the "Company") filed a

plan of voluntary liquidation on December 31, 1991 and will cease to exist following the first quarter of 1993. The Company intends to common to operate until all dobt has been satisfied or assumed by a permissible assignee and to honour its liabilities

The final redemption of above-me 1992, as forescen in the clause "Redemption" (7) of the Terms and Conditions

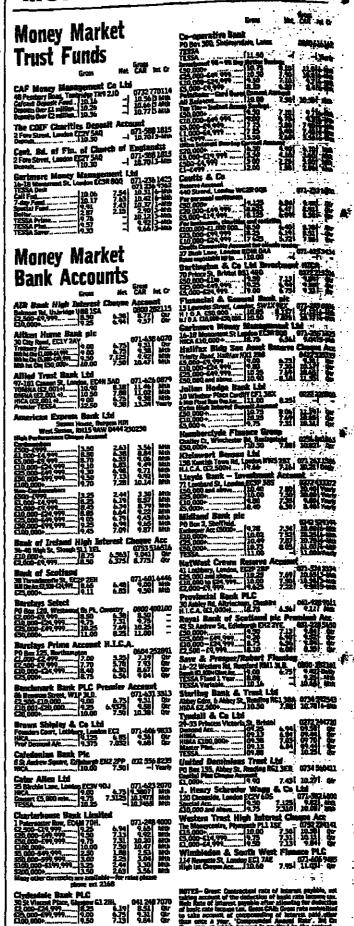
Personnt to clause "Prescription" (11) of the Terms and Conditions of the Bonds, the Bonds and Coupous will remain payable 10 years and 5 years respectively, from their respective due dates for payment. BANQUE GENERALE DU LUXEMBOURG S.A.

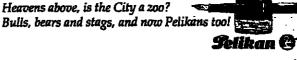
Fiscal Agent

PUBLIC WORKS LOAN BOARD RATES

Quo	ta (oans-	
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		1034
10-1,	10 ^{\$} 8	1034
	10%	1012
	1012	10%
1012	10½	103
103g	103	1012
10%	103	1012
103g	103 _n	1015
10%	1012	1015
1012	1015	1015
105	10-3	105
10%	105	1015
1012	1012	1012
100 Quota los	ns 82 per cent b	later in each case
pei. 17 Repa	yment by hed-ye	enty enterthy fibred
	ert. A men tehnik	and halument or
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MONEY MARKET FUNDS

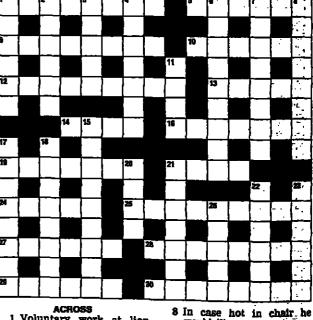




JOTTER PAD

CROSSWORD

No.7,742 Set by GRIFFIN



- ACROSS
 1 Voluntary work at lion
- reserve (8)
 5 Stroke worries old Bob (6)
 9 Two firms mad on tropical trees (8)
- trees (8)

 10 A stiff container? (6)

 12 Hiding poor pierrot in empty priory shows deceacy (9)

 13 Home needs permit after opening (5)

 14 As rider's outside go by (4)

 16 Add to henna mixture before church (7)

 19 A small group on leave (7)
- (7)
 22 Releases site formerly under international organisation 19 A small group on leave (7)
 21 Yucca still hidden in shed (4) 24 Drain off lowest part (5)
- 25 Being sorry about one with ten pence (9) 27 A fair, lit up (6) 28 Officer with 22 shires (8) 29 Swell scoffed after returning
- 30 Brought back trained engineers first (8)
- I Fill copper in, copy form (6)
 2 Businessman is eccentric not coy (6)
 3 Recognise ruler of propri-
- etor (5) etor (b)
 4 Beastly capital growth! (7)
 6 Cancels tar and oil mixture girl's making (9)
 7 Pelt gang using sliced auber-
- PUTUPUPE PHYSICS
 U E O B O U U
 PUNYMAYE MOUEL
 TUBLERIO STUPLE
 E N I H O F O
 FALLOWDE
 GRAPHOLOGY
 O B S B N A P I
 TRYLING STACGARO
 I L D D R R D
 MEASTY PERILOGS
 BUBBER SKULDESS

would (8)

11 Part of revolver that's

blown up? (4) 15 Where stolen trees go first

(9) 17 Rustic cart near Jack is

reversing (8)

18 Male doctor with sick baboon (8)

20 Pinches for parking offence (standing around!) (4)

21 Organists use it for comfort

23 Fult nurse used less, you

Said (6) 26 Money, say, turning colour

Solution to Puzzle No.7,741

.....

MONEY MARKETS Rates close steady

from Tuesday's levels.
The Bank of England fore-

cast a liquidity shortage of fibn early in the day, later revised up to £1.15bn. In early assistance, the bank purchased £114m band 4 bills at 10% per

Later in the morning ses-sion, the bank purchased a further £304m paper as rates moved higher as liquidity was squeezed. Assistance

UK clearing bank base looding rate 18.5 per cent from September 4, 1991

comprised the purchase of band I bank bills and treasury bills at 10% per cent, band 3 bank bills and treasury bills at 104 per cent and band 4 bank bills at 10% per cent.

However, the heavy slug of assistance did not prevent rates from moving higher. Overnight unsecured money was quoted at 11% - 11 per cent around midday from a closing level of 10% - 1 per cent on

During the afternoon session, the Bank of England purchased a further £193m bills in bands 1, 2, and 3. Late assistance totalled £395m, bring the total for the day to

UK money rates edged higher during the morning session yesterday but fell back in late trading to close little changed fallen back to 10% - % per

The March short sterling futures contract on the London International Financial Futures Exchange closed at 89.38, up from 89.36 on Tuesday.

In Tokyo, the Bank of Japan again squeezed money market interest rates higher, adding to a Y660bn liquity shortage by recalling Y200bn loans to financial institutions.

Mr Yasushi Meino, Bank of Japan governor, said that the authorities were trying to ensure "adequate" interest rates and that pressure for lower rates was caused by market speculation.

market speculation.
At one stage overnight call money was quoted well over 6 per cent before falling back to 51 per cent by the close, from 51 per cent on Tuesday.
Today a liquidity shortage of around Y550bn is forecast, suggesting from rates.

suggesting firm rates. in Frankfurt, money rates edged lower following several days of complete stability. Call money closed at 9.40/50 per cent, from the 9.45/55 per cent level which has prevailed so

far this year. Rates eased even though the Bundesbank withdrew a net DM2.6bn from the market by setting a DM30.6bn repurchase pact to replace the expiring DM33.2bn agreement.

NEW YORK Treasury Bills and Bonds 125 128 139 130 130 146 9.40-9.50 93-10), 64-74 10.06-18 54-51; 124-124 9.31-9.44 10,2-101; 9.45-9.50 77-81 9.65-9.50 53-51 123-123 97-93 101-102 9.45-9.55 97-10 9.75 9.60 LONDON MONEY RATES S nsL 딿 105 105 106 108 10% 104 104 107 101 101 91 101 104 104 3.97 63 63 103 101 4.07 4.00 63 103 103 4.10 611 112 113 113 114 Treasury Bills (sell); one-month 10.2, per cent; three months 10 per cent; six months 93) per cent; Bank Bills (sell); one-month 10.2, per cent; three months 10.9 per cent; Treasury Bills; Average tender rate of discount 10.0676 p.e. ECGD Fixed Rate Starling Export Finance, Make up day December 31, 1991. Agreed rates for period Jan. 25, 1991 to February 25, 1992. Scheme 11.80 p.c., Schemes 18 d. Ill: 12.06 p.c. Reference rate for period Nov 30, 1991 to December 31, 1991. Scheme 1942 f.c. Local Authority and Finance Houses seven days notice, others seven days fined. Finance Houses Base Rate 11 from January 1, 1992. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-time months 9½ per cent; three-tix months 9 per cent; six-size months 9 per cent; nine-breise months 9 per cent; Under £100,000 7 per cent from Sept. 5,1991, Deposits withdrawm for cest 5 per cent.

FT LONDON INTERBANK FIXING

The fixing rates are the arithmetic means rounded to the novect one-statement, of the hid and offered rates for Siller optical to the matrix by five reference basics at 11.00 a.m. each working Gy. The basics are National Westminole Bank, Bank of Tokyo, Destroite Bank, Banyon Rational de Paris and Glorger Gagnerity Troot.

MONEY RATES

GLOO a.m. Jan. 8) 3 months US dollars

offer 4à

TUN .	FINANCIAL TIMES THURSDAY JANUARY 9 1992 WORLD STOCK MARKETS					
	and the same of th		GERMANY (continued)	NETHERLANDS	SWEDEN (continued)	CK MARKETS
Many sun	Paratty 1	January 8 Frs. + or	January 8 Drs. + ar -	Jameary 8	James 8 Kroner. + or -	### CANADA Sales Stock High Low Close Charg Sales Stock High Low Close Charg Sales Stock High Low Close Charg
	2000 AFV1 4820 10	Gredit Mationale: 967 -7 Ommart: 1 - 2445 -5 Oodst de France: 349.99 +2.00 Builths Mieg Cie: 265 +5 EBF	Mappa Lloyd 510 -2 Heldelb Zem 578 -5 Heldelb Zem 578 -5 Heldelb Zem 578 -5 Heldelb Zem 578 -5 527.50 -2.70 Heritiz 345 -2 Hechtief 1.058 +11 Hechtief 1.058 +11 Hechtief 1.050 -10 Heritan 171 -1 IKB Dentsche Ind 257 -3 Industrie Werter 274 -1 Kall & Salz 136 -2 Karsact 601.80 -10.20 Karbor 430 Kall & Salz 136 -2 Klockner Werter 107.80 -1.30 Lahmeyer 800 -1 Leiffeld 445 -5 Linde 665 -5 Lindelpe-Hell 312 +1 Leiffungum 155 -0.20	KLM 40.50 +0.50 (CMP) (CMP) 46.10 -1.10 (CMP) 46.10 -1.10 (CMP) 46.10 -1.10 (CMP) 46.10 -1.10 (CMP) 45.10 (CMP) 45	SWITZERIAND	## 4000 Eiro New \$18½ 18½ 18½ 18½ 18½ 18½ 18½ 18½ 18½ 18½
	Applied 177 4,851 250 Debaum Fro Lieu 8,810 10 Debaum Fro Lieu 8,810 10 This make 4,780 20 This make 4,780 20 Self-Triang ALT 2,710 Self-Triang ALT 2,710 Self-Triang ALT 2,130 -70 Self-Triang ALT 2,130 -12 Section ALT 3,14 4-10 Section ALT 3,14 4-10 Section ALT 3,14 4-10 Section ALT 3,14 4-10 Section ALT 3,050 -10 Section ALT 3,050 -20 Section ALT 3,050 Section ALT 3,050 -20 Section ALT 3,050 -20 Section ALT 3,050 Section ALT	Sail Liftagette	Metal Ingesel Scharle 177 -8.50 Metal Ingesel 187 2433 -2 PWA -2 207 -5 -5 -5 -5 -5 -5 -5 -	WMF Stork	Forbo 1,960 -10 flotderisk (Br) 4,250 Holasteff (Br) 5,100 Jelmoll 1,260 -40 Jelmoll 1,260 -40 Jelmoll 1,260 -40 Jelmoll 1,150 Lastik & Grir 1,160 -60 Last Hold Ptg 276 -7 Mag Globus !ng 640 Miltron (Reg) 320 Motar-Columbus 1,180 -40 Nestle 8,790 -40 Nestle (Reg) 8,690 -30 Oer-Buerhle (Br) 228 -4 Pargess Hid 1,060 +16 Pirell 337 -3 Bichemont & (Br) 14,725 +225 Roche (Br) 4,110 -40 Roche (Bross) 2710 -20	200 Femor 30 3259,
The state of the s		Tirsan	Schering	Kvaerner Free	Sandoz Br	1700 Canfor 323 234 235 44 245 44 246 516 516 1512 1512 38 100 Care-Croser 325 244 245 44 14 14 14 14 100 KerrAddis 516 1512 1512 38 1100 Rehman 8 517 185 185 185 185 185 185 185 185 185 185
Section 19 Constitution of the constitution of	Elsi Astatic 167 - 2 FLS ind B 674 - 6 Stratt Mordic 346 - 9 Harlah Pidgs A 550 Harlah Pidgs B 200 - 1 SS had Sev B 200 - 4 Jyske Samk Neg 350 Lanithers U B 1,730 Harlah Florid B 255 More Bord B 730 - 10 Superfos 536 - 20 TopQaamark 900 Linitanuark A 212 - 1 FERLAND Laning B 384 + pt -	Seger	ITALY January 8 Lire + 8r - Banca Comm 3,890 Banca Naz Agric 5,345 +35 Sanco Lariano 4,975 +24 Sanco Lariano 4,975 +24 Sanco Lariano 11,370 -220 Sango (Cartiere) 8,400 +150 CR 1,710 -15 Caffaro Spa 702 +155 Cestentir 2,570 +55 Coglabote 1,750 +19 Cortie Fin 2,015 -25 Credito Italiano 2,043 +5 Daniel & C 6,010 +10 EniChem 1,375 -20 Eridinal 6,953 +33 Ferruzzi Fin 1,594 -14 Fist Priv 3,305 -20	Alba (Carp Fig) 4,100 +55 Araganessa 1,050 +25 Araganessa 1,050 +25 Araganessa 1,050 +25 Araganessa 1,050 +75 Sarno Silbas Vizz 2,795 +20 Sarno Silbas Vizz 2,795 +20 Sarno Sarna Hisp 3,985 -15 Sarno Sarna Hisp 1,200 +100 Sanco Sarna Hisp 1,200 +100 Sanco Sarna Hisp 2,980 +40 CEPSA 2,365 Carbarus Metal 2,365 -25 Dregados 1,895 -25 Ehro Agricolas 2,160 +60 Electra Viesgo 2,600a -50 Dregados 3,995 +45 Enro Agricolas 2,905 +45 Ecros 3,995 +12 Fessa 694 +5 Grupo Duro Feig 1,200 -30 Hidroel Cantalar 1,860 +20	SOUTH AFRICA Jamary 8 Rand + er - ABSA 10.60 +0.15 AECI 9.50 Allied Tech 95 Anglo Am Coat 124 +0.50 Anglo Am Corp 126.75 +1.25 Anglo Am Gold 216.75 +2.75 Anglo Am Gold 216.75 +0.25 Burlets 34.50 CNA Gailo 28 +1.50 De Beers/Centerary 91.25 -0.50 Declaraal Gold 7nt 90.15 Drefsnatten 39.85nt +1.50	7 6 3 2 HIGH LOW HIGH LOW AUSTRALIA
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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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A good start:

At the beginning of this year, VAW aluminium AG will acquire an interest in Eisenwerk Brühl GmbH, the leading European manufacturer of engine blocks and cylinder heads. A strategic step for the aluminium division within the VIAG Group.

AKTIENGESELLSCHAFT Georg-von-Boeselager-Str. 25 D-5300 Bonn 1 Telefax: (228) 552-2122

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Secondary stocks lead Dow to further midsession gain

Wali Street

led the way yesterday morning as a buoyant stock market shrugged off news of President Bush's illness, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was up 7.60 at 3,212.43. The more broadly based Standard & Poor's 500 was also firmer at midsession, up 0.99 at 418.39, while the Nasdaq composite of over-the-counter stocks continued to

counter stocks continued to outperform other indices, soaring another 7.00 to 609.29. Turnover on the NYSE was heavy at 183m shares by 1 pm. The market opened weaker, with the Dow falling 17 points as investors reacted nervously to the news that President Bush had collapsed at a dinner Bush had collapsed at a dinner in Tokyo. Assurances from his doctors that Mr Bush was only suffering from intestinal flu calmed the market, and it did not take long for demand to pick up and prices to recover, although by early afternoon the Dow had retreated from its morning peak.

CSX rose % to \$55% after the railroad and pipeline group announced a massive restruct-

involve substantial job cuts and, hopefully, big improve-ments in productivity stemming from agreements with the rail unions. The company said it would be taking a \$490m after-tax charge in the fourth quarter, to cover the cost of the restructuring.

RJR Nabisco, up \$% at \$11% in turnover of 5.3m shares, was sought after yesterday; investors bought the stock on hopes that earnings will improve sharply this year as the econ-omy picks up. Tandem Computers jumped

\$1% to \$12% in heavy trading after the company said that first quarter 1992 revenues would be above those reported a year ago, and announced plans for a restructuring charge in the next quarter of \$30m. In the same sector, IBM eased \$% to \$93%, Compag shed \$% at \$33% and Digital Equipment slipped \$% to \$60%. Best Buy soared \$3% to \$20% in reaction to news that the electronic appliance retailer's same-store sales jumped by 16

per cent in December. Leading the explosive performance of over-the-counter stocks were Microsoft, up \$3% at \$123%, Apple, up \$% at \$60, Amgen, \$1% higher at \$75%, and Intel, \$% firmer at \$52%. Mentor held firm at \$12% after the company offered its saline-filled breast implants as an alternative to the siliconebased variety, which have been banned from use for 45 days by the Food and Drug Administration pending further safety

Canada

TORONTO reversed direction and turned higher at midday as worries over the health of the US president faded, and expectations of further interest rate cuts infused the market with optimism.

with optimism.

The TSE-300 rose 9.08 to 3,522.00 in 17.27m shares. Advances led declines by 246 to 208 with 233 unchanged. Northern Telecom gained C\$% to a record high of C\$52% as investors saw potential for further big telecommunications equipment orders from the US. ment orders from the US. Biomira continued to rise,

climbing C\$1% to C\$19; it attri-buted its recent gains to a marketing agreement announced last year and a buy recommen-dation from a US house. Among active industrials, Laidlaw climbed C\$% to C\$11%, and Maclean Hunter by C\$% to C\$12; Canadian Pacific was down C\$% to C\$17%.

Foreign holdings in Mexico hit record

By Damian Fraser in Mexico City

FOREIGN investment in the Mexico stock market reached a record \$19.05bn in 1991, an increase of 348 per cent from 1990, according to the Mexican stock market authorities.

The very steep rise in foreign investment reflected the Mexican stock market's 118 per last year: 17 international equity offers by Mexican com-panies which initially raised over \$3bn - of which Telmex accounted for \$2.2bn; and new investment in existing shares of around \$6bn.

Almost three-quarters of the foreign investment - or \$14.15bn - is held in American New York, of which about 85

per cent is invested in Telmex. Another \$2.96bn of foreign investment is held in non-voting "B" shares of companies, and \$1.60n in the Nacional Financiera trust, which allows investors to buy shares not open to foreigners. Investment in foreign-based Mexican investment funds rose 82 per cent to \$500m during 1991.

Nikkei loses 3.6 per cent as yen falls and rates rise

A LOWER yen and higher short-term interest rates erased most of the Nikkei's gains accumulated since the cut in the Japanese discount rate on December 30, writes Neil Wein-

Widespread rumours regarding a fresh scandal involving a speculative investment group and leading politicians also sent jitters through the market. The Nikkei closed 851.39 or 3.6 per cent lower at 22,715.00 after a day's high of 23,539.53

and a low of 22,704.68. Volume eased from 215m to 200m shares. Declines led gains by 897 to 104, with 104 issues ged, and all 36 TSE first section sectors retreated. The Topix index of all first section stocks fell 53.28 to 1,693.39 but, in London, the ISE/Nikkei 50 index ended 0.52 firmer at

The stock market opened higher on New York's over-night stability, but selling flooded the floor as the govern-ment bond market lost ground and the yen went into reverse after its recent strong gains against the dollar. Investment trusts were among the leading sellers. Later in the day, futures and options-linked arbitrage selling added to the

"People had high expectations of almost another Plaza Accord but it is not going to happen," said Mr Jesper Koll,

NATIONAL AND EGGIONAL MARKETS

italy (77

Securities, of hopes that Japanese and US officials would take steps to boost the yen.

Rapities also came under pressure from the Bank of Japan's tightening of credit, which sent short-term interest rates sharply higher. After low-ering its official discount rate bank guided the unsecured overnight call rate as high as 6.5 per cent yesterday.

Although declines were widespread, interest rate-sensitive issues were among the largest losers, with Fuji Bank down Y150 to Y2,400 and Sumitomo Bank Y120 to Y2,110. Leading electricals were also d with Pioneer shedding Y230 to Y3,360 and Sony

Y220 to Y4,080. In Osaka, the OSE average dropped 625.80 to 24,116.57 on volume of 32.9m shares. Nin-tendo, the electronic game maker fell Y400 to Y11,800.

Roundup

TOKYO'S fall unsettled most of the Pacific Rim yesterday. TAIWAN continued its advance, the weighted index rising 53.80 or 1.1 per cent to 4,772.61 as turnover swelled to T\$42.3bn from T\$35.1bn, the largest in six months. Shares benefiting from the

rise in the local currency included President Enterprises, up T\$2 to T\$50, and Charoen Pok Phand Enterprises, which rose T\$2.70 to T\$41.60. HONG KONG gave up early gains to profit-taking. The

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

114.01 220.20 70.70 123.21 93.82 178.21 137.47 65.65 109.42 224.80 4737.51 120.37 45.93 167.08

167.08 175.85 114.74 150.78 68.08 146.56 170.13

HK\$1.66bn, after HK\$1.41bn. Trading hongs continued to attract overseas buying. Jardine Matheson held its ground at HK\$40.25 while Hutchison Whampoa put on 20 cents to

HK\$15.10 problems at small manufactur-ing companies. The composite index fell 19.42 to 625.82 in turnover of Won337.2bn. after Won482.8bn. Hyundai fell its daily limit on rumours that the government has ordered state-controlled banks not to make

loans to the group.

AUSTRALIA slipped in spite
of the government's 11th cut in erest rates in two years. The All Ordinaries index eased 4.3 to 1,663.4. Turnover rose to

SINGAPORE focused on Overseas Union Bank (OUB) on renewed talk that Lien Ying Chow, the OUB chief, was reducing his stake in the bank. OUB closed 20 cents higher at \$\$4.90 with 2.8m shares traded. The Straits Times Industrial index closed 6.54 down at 494.55. Volume eased to S\$135m from S\$137m.

MANILA saw turnover boosted to 1.58bn pesos from 80m by the the listing of Manila Electric Co (Meralco). Meralco A shares closed at 127 pesos, up from an offer price of 118 pesos. Meralco B ended at 134 pesos, up from an issue price of 121 pesos. The composite index dropped 14.09 to 1,227.39 on profit-taking.

MONDAY JANUARY 6 1992

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Europe's airlines focus on cutting costs

Daniel Green assesses the improvement in the shares of Continental carriers

volume and capacity for December by KLM, the Dutch airline quoted on the Amsterdam stock exchange, rounds off a year of improving pros-pects for many European air

This has been reflected in the share price performance of some of the biggest carriers: KLM and Lufthansa strengthened steadily in the second half of 1991, both in nominal terms and against their local The reason is that airline

profits are cyclical. "Historically, volume growth has picked up strongly during eco-nomic recoveries," says Mr Mark Simpson, European air-lines analyst at UBS Phillips & Descriptions is control. Drew. The business is capitalintensive and so profits are highly geared towards volume.
This time, sector analysts believe a change in the way European airlines are run will add impetus to the turnround.

weakness to arbitrage related to Alcatel's buyout of SEL, its

German subsidiary.

Another loser yesterday was the water utility and construction company Lyonnaise des Eaux, which fell FFr11 to FFr444 with 272,850 shares traded on forest that it more

traded on fears that it would

have to make heavy provisions in its 1991 results for its prop-

erty development and con-

Euro Disney continued to fall on profit-taking after its recent rise, falling FFr4.20 or

2.8 per cent to FFr143.80.
Michelin extended its
advance, up FFr5.80 or 4.4 per

cent to FFr138.80 in heavy trad-

cial newspaper reported that it

was going to open a plant where tyres would be made entirely by robots.

The neglected insurance sector showed signs of life, as UAP added FFr19 to FF1505

with 86,900 shares traded. One

analyst said there were report

that the insurers were seeking

on Wall Street. London strate

gists said that Germany's 1.2

per cent gain in November

industrial production cloaked

general weakness in the econ omy, that mechanical engineer

ing orders had fallen by 5 per

cent in the same month and that renewed weakness was

Carmakers led again as

JOHANNESBURG continued

its steady advance. The all-gold index rose 36 to 1,199, buoyed up by a belief that bul-

lion prices have bottomed out. The industrial index added 35

4,309 while the overall

DOLLAR INDEX

likely in the car industry.

SOUTH AFRICA

FRANKFURT looked abroad seeing a drop in Tokyo and London and fearing a setback

an increase in tariffs.

struction activities.

his week's announce— "Airline managements have ment of rising traffic focused on controlling costs as never before," says Mr

> airline. Staff cuts, for example outperformed the local market 80 per cent of its revenues au per cent of its revenues come from long-haul flights, according to UBS. Such routes are more profitable than shorthaul, have shown faster growth over recent years and are insulated from uncertainties over the speed and depth of European Community sponsored deregulation.
>
> In the short term KLM's

In the short term, KLM's year-on-year growth statistics will look particularly good

The outlook for revenues and the extent to which costs can be cut, vary from airline to are easier at airlines with lower levels of state control.

KLM is 34 per cent state owned and the shares have by 62 per cent over one year. It has embarked on a cost-cutting strategy that aims to increase productivity by 23 per cent over three years. Furthermore,

KI M

because the long-haul market slowed most during the Gulf war a year ago. Some of KLM's share price strength has been a consequence of discussions about a possible link with the UK's British Airways. Mr Tim Coombs at County NatWest believes the shares will do well in the long term even if the deal falls through, since KLM

is likely to join forces with • Lufthansa is 51 per cent state owned; the shares have outperformed the local market by 34 per cent over a year. As with KLM, a high dependence on long-haul routes will lead to good year-on-year growth fig-ures. Staff rationalisation may be more of a problem, at least until the German government gives up control. Although there are plans for

privatisation, political and financial obstacles remain, such as links with the government pension scheme.

Swissair, 20 per cent government owned, is less geared towards long-haul travel. The shares have performed in line with the local market over one year. "There is also uncertainty over how Switzerland will participate in European liberalisation of air transport," says Mr Coombs. Its relation-ship with Delta, with which it has 5 per cent cross-sharehold-

since Delta bought Pan Am's Frankfurt operations. Delta might set up a Kuropean luh in Frankfurt which could damage Swissair's plans for feefer routes for Delta's transatiantic fields and Am County and Am's Frankfurt operations. routes for Delta's transatlantic flights," adds Mr Coumbs.

• DDL is the Danish partner in SAS and 50 per cent held by the Danish government. Altialia is 85 per cent owned by the Italian government. Both are heavily dependent on short-haul routes and management flexibility is limited by ment flexibility is limited by the public sector stakes. Alti-alia shares underperformed by 14 per cent over 12 months and DDL's by 10 per cent over the same period.

same period.

There is still some scope for further share price rises arross the industry: KLM, for example, is trading below its price two years ago. Much depends on whether the cyclical recovery in volume expected for 1992 is around to outwisten overses. is enough to outweigh overce pacity on some routes. If it is, that would set the scene for

Continent recovers after Bush illness scare

NEWS THAT the US President, FT-SE Eurotrack 100 - Jan 8 Mr George Bush, had been taken ill gave a scare to conti-nental bourses yesterday, writes Our Markets Staff. PARIS overcame early prof-**Hourly changes** Open 10 am 11 am 12 pm 1 pm 2 pm 3 pm close 1080.54 1080.51 1080.74 1079.97 1079.53 1078.66 1079.90 1080.21 Day's High 1082.50 Day's Low 1077.52 it-taking to end better on a late bout of futures-related buying. The CAC 40 index came off the Jan 6 1092.05 1078.19 day's low of 1,758.08 to end 6.91 higher at 1,785.64 in heavy volume of FFr3bn after FFr1.8bn. share prices fell, the DAX Alcatel recovered from index closing 13.72 lower at 1,578.73 after a fall of 5.62 to FFr536 to end FFr6 down at FFr548 with 440,160 shares traded as the company denied rumours that it would buy a stake in ITT. Analysts dis-missed the rumour as implau-sible and attributed the share's

643.26 in the FAZ at midses sion. Daimler dropped DM12.20 to DM728.80 after a decline of DM13 on Monday and Tuesday. Yesterday Mercedes-Benz, its automotive unit, talked of cutting its workforce by a few thousand people by the mid-1990s as part of a five-year costcutting programme. It also expected west German vehicle registrations to fall from around 3.5m in 1991 to between

3m and 3.2m this year.
Volume rose from DM3.5bn
to DM4.1bn. The day's most dramatic fall came at AMB as the French insurer, AGF, said that it had acquired a blocking 25 per cent minority stake; AMB fell DM75 to DM800. Banks came under profit-tak-ing pressure, Deutsche Bank losing DM7 at DM672 ahead of the news that it had fired two employees in connection with "irregularities" in its securities

ZURICH also saw weakness in banks though industrials were relatively firm. The Crédit Suisse index eased 2.2 to 453.5. Sandoz topped the actives list with its bearers SFr20 higher at SFr2,530 on talk of buy orders from US investors; in banks, UBS bear-ers dropped SFr50 to SFr2,570. MILAN finished mostly higher in quiet trading. The Comit index was not available; turnover was estimated at not

more than L60bn after Tues-

settlement department.

Flat pulled the market higher as the ordinary shares rose L120 or 2.6 per cent to L4,820, while Generali rose L120 to L28,400, though both stocks eased a little after their

Telecoms were steady with both Sip and Stet virtually unchanged, while Sirti rose L115 to L10,800, reportedly on

MADRID took heart from the mid-morning recovery in New York, and the general index closed up 1.70 at 248.88 in turnover steady at around Ptal2bn. Repsol rose Pta85 to Pta2,600 after a buy rating in New York from Smith Barney, which looked for 15 per cent earnings

STOCKHOLM overcame a weak opening to close fraction-ally higher. The Affärsvärlden general index ended 0.1 higher at 928.4 in turnover of SKr439m, down from Tuesday's record SKr1.26bn.

The construction company Skanska, saw its B shares fall SK5 to SKr130 after news on lay that it had cut its 1991 profit forecast by SKr700m to

around SKrlbn because of losses at the Norwegian con-struction company Selmer. Astra A rose SKr3 to SKr396 in turnover of SKr160m while Ericsson B eased SKr2 to

AMSTERDAM recovered from the day's lows on Wall Street's early bounce. The CBS Tendency index ended flat at 113.4. The trading company,

Hagemeyer, continued to rise in the wake of the company's positive New Year statement, closing Fl 4.50 higher at Fl 131.

HELSINKI rose for the third consecutive day with forest product companies among the climbers as the Hext index climbers as the Hex index closed 5.59 higher at 799.62. OSLO complained of lower prices for North Sea oil, and profit-taking as the all-share index fell 6.49, or 1.5 per cent to

ISTANBUL surged above 4500 for the first time since late November after strong buying from banks sparked a late rally. The 75-share index jumped some 100 points in the last 10 minutes to close at 4,580.56, up 160.52 or 3.6 per

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And Allen

Calculation .



Mercedes-Benz

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Mobil



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